



NOTICE is hereby given that the Collin County Community College District Board of Trustees will hold a meeting of the Organization, Education, and Policy Committee (Menon, Orr, and Arias) at 4:30 p.m. on Tuesday, June 28, 2022, in the President's Conference Room 407 at the Collin Higher Education Center, 3452 Spur 399, McKinney, Texas 75069.

Locations

Celina Campus

Collin Higher Education Center
McKinney, Texas

Courtyard Center
Plano, Texas

Farmersville Campus

Frisco Campus

McKinney Campus

Plano Campus

Public Safety Training Center
McKinney, Texas

Rockwall Center

Technical Campus
Allen, Texas

Wylie Campus

PUBLIC COMMENT

REVIEW AND DISCUSSION ITEMS

1. First Reading of Local Board Policies

- CJ (Local) Transportation Management
- ECC (Local) Instructional Arrangements – Course Load and Schedules
- EFA (Local) Curriculum Design – Instructional Programs and Courses
- EFB (Local) Curriculum Design – Degrees and Certificates

2. Second Reading and Consideration of Approval of Local Board Policy

BGC (Local) Administrative Organization Plan – Councils and Faculty Senates

3. Annual Review of Investment Policy CAK (Local)

Andrew P. Hardin
Chair, Board of Trustees

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Collin County Community College District Board of Trustees

1. Organization, Education, and Policy Committee

June 28, 2022

Resource: Kim Davison
Chief of Staff

DISCUSSION ITEM:

First Reading of Local Board Policies

- **CJ (Local)** Transportation Management
- **ECC (Local)** Instructional Arrangements – Course Load and Schedules
- **EFA (Local)** Curriculum Design – Instructional Programs and Courses
- **EFB (Local)** Curriculum Design – Degrees and Certificates

DISCUSSION:

As a part of the College’s comprehensive review of all policies and with updates and recommendations from the Texas Association of School Boards’ Legal and Policy Service, the local policies outlined below are being presented for review as a first reading.

- **CJ (Local) Transportation Management –** Recommends a section title change to reference both employee and student travel
- **ECC (Local) Instructional Arrangements – Course Load and Schedules –** Recommends clarifying language regarding a disaster declaration’s impact on students dropping classes
- **EFA (Local) Curriculum Design – Instructional Programs and Courses –** Adds language to clarify that peer review is conducted by faculty
- **EFB (Local) Curriculum Design – Degrees and Certificates –** Adds language to clarify that degrees and certificates offered by the college are developed by faculty

**Employee and
Student Travel
Arrangements**

Travel Arrangements

College District employees ~~shall~~will not transport student(s) in a personal vehicle or in a College District vehicle for College District-sponsored functions without advanced written approval from the appropriate administrator. Travel arrangements for student groups ~~shall~~will be made in accordance with administrative regulations.

Driver Requirements

Only College District employees or contracted transportation company drivers of the College District ~~shall~~will be authorized as drivers for College District vehicles.

A driver who is transporting students in College District-owned or -leased vehicles must:

1. Be an employee of the College District or be a contracted transportation company driver of the College District.
2. Hold a valid driver's license appropriate for the vehicle to be driven. A driver of a commercial motor vehicle must have a commercial driver's license.
3. Have an acceptable driving record.

Safety Standards

An individual on College District business, whether in a personal vehicle or in a College District-owned or -leased vehicle, ~~shall~~will:

1. Adhere to all rules and regulations concerning the proper operation of the vehicle.
2. Abide by all federal, state, and local motor vehicle regulations, laws, and ordinances.
3. Ensure that the number of passengers does not exceed the designed capacity of the vehicle and that all passengers are secured by safety belts, if provided.
4. Not operate a vehicle when the ability of the driver is impaired, affected, or influenced by alcohol, illegal drugs, medication, illness, fatigue, or injury.
5. Not text on a mobile device while operating a vehicle.

Driver Fatigue

If a driver experiences any signs of fatigue, he or she must take a break or be replaced by another qualified driver. Driving breaks are required at reasonable intervals.

**Limitation on
Number of Dropped
Courses**

A College District student will not be permitted to drop more than six courses taken while enrolled at the College District or another public institution of higher education. For the limit to apply:

1. The student must be permitted to drop the course without receiving a grade or being penalized academically;
2. The student's transcript must indicate or will indicate the student was enrolled in the course; and
3. The student must not have dropped the course to withdraw from the College District.

**Exceptions for
Good Cause**

A student will be permitted to exceed the limit on the number of dropped courses for any of the following reasons:

1. A severe illness or other debilitating condition that affects the student's ability to satisfactorily complete a course;
2. The care of a sick, injured, or needy person if providing that care affects the student's ability to satisfactorily complete a course;
3. The death of a member of the student's family as defined by law;
4. The death of a person who has a sufficiently close relationship to the student as defined by law;
5. The student's active military duty service;
6. The active military service of a member of the student's family;
7. A change in the student's work schedule that is beyond the student's control and affects the student's ability to satisfactorily complete the course;
8. A disaster declared by the governor that prevents or limits in-person course attendance for a period determined by the College District, in accordance with law, to~~that~~ significantly af-~~fect~~affects the student's ability to participate in coursework; or
9. Any other significant issue affecting the ability of the student to satisfactorily complete the course, as determined upon review by the College District registrar.

[For definitions of "student's family" and "a person who has a sufficiently close relationship to the student," see Definitions for Good Cause Exemption in ECC(LEGAL).]

INSTRUCTIONAL ARRANGEMENTS
COURSE LOAD AND SCHEDULES

ECC
(LOCAL)

Exception for
Reenrolled
Students

A qualifying reenrolled student may drop a seventh course in accordance with law.

Exception for
COVID-19
Pandemic

A course dropped by a student during the 2020 spring or summer semester or the 2020–21 academic year because of a bar or limit on in-person course attendance due to the COVID-19 pandemic may not be counted toward the limit on the number of dropped courses.

Procedures

The District President will develop procedures to implement this policy.

**Curriculum
Development
Process**

The process for curriculum development used by the College District is prescribed by several different but connected procedures. At all times the guidelines prescribed by the Texas Higher Education Coordinating Board (THECB) shall/will be followed.

The College District shall/will have a faculty peer review process to review courses and program additions, deletions, or revisions. The Board shall/will approve all new programs and program deletions.

The Board will approve the degrees and certificates to be awarded by the College District. The degrees and certificates offered by the College District as developed by faculty, and the associated recommended course sequences approved by the College District administration will be described in the College District catalog and on the College District website.

Collin County Community College District Board of Trustees

2022-06-X

June 28, 2022

Resource: Kim Davison
Chief of Staff

AGENDA ITEM:

Report Out of the Organization, Education, and Policy Committee, First Reading of Local Board Policies

- **CJ (Local)** Transportation Management
- **ECC (Local)** Instructional Arrangements – Course Load and Schedules
- **EFA (Local)** Curriculum Design – Instructional Programs and Courses
- **EFB (Local)** Curriculum Design – Degrees and Certificates

DISCUSSION:

As a part of the College's comprehensive review of all policies and with updates and recommendations from the Texas Association of School Boards' Legal and Policy Service, the local policies outlined below are being presented for review as a first reading.

- **CJ (Local) Transportation Management –** Recommends a section title change to reference both employee and student travel
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- **EFA (Local) Curriculum Design – Instructional Programs and Courses –** Adds language to clarify that peer review is conducted by faculty
- **EFB (Local) Curriculum Design – Degrees and Certificates –** Adds language to clarify that degrees and certificates offered by the college are developed by faculty

SUGGESTED MOTION:

This being a first reading of local board policies, no action is required.

Collin County Community College District Board of Trustees

2. Organization, Education, and Policy Committee

June 28, 2022

Resource: Kim Davison
Chief of Staff

DISCUSSION ITEM: Second Reading and Consideration of Approval of Local Board Policy

- **BGC (Local) Administrative Organization Plan – Councils and Faculty Senates**

DISCUSSION: As a part of the College’s comprehensive review of all policies and with updates and recommendations from the Texas Association of School Boards’ Legal and Policy Service, the local policy outlined below is being presented for your approval.

- **BGC (Local) Administrative Organization Plan – Councils and Faculty Senates** – Adds a statement of shared governance for Collin College as recommended by the Academic, Governance, and Strategic Planning (AGS) Council.

College District faculty, staff, students, and administrators serve the College District and participate in governance through membership and involvement in College District-recognized academic, governance, and strategic planning committees and task forces.

Statement of
Shared Govern-
ance at
Collin College

Shared governance in higher education refers to the structures and processes through which stakeholders have regular opportunities to include their voices in the discussion of important issues, policies, and major decisions. Shared governance at Collin College encourages the good-faith commitment and engaged participation of stakeholder groups in a structured approach to initiating and considering issues that further the college's mission and leads the college toward achieving strategic goals and master plan priorities. Such a model of governance requires the trust of all parties and can further build that trust through collaborative engagement.

Stakeholders include, but are not limited to, the college's Board of Trustees, faculty from a cross-section of disciplines, administrators, staff, and students. Differences in the influence of each voice in informing the decision-making process should be determined by the responsibility of the matter at hand. For example, faculty are primarily responsible for determining curriculum, while students have stronger influence with regard to student activity fees.

This decision-making process may require flexibility based on circumstances, such as in times of crisis. Stakeholders should always work to serve the vision and mission of Collin College.

Collin College leadership acknowledges the importance of shared governance and recognizes the threshold conditions for high-functioning shared governance presented in the Association of Governing Boards Board of Directors' Statement on Shared Governance. The shared governance process ~~should~~ will be reviewed periodically with the Board to ensure the effectiveness of the process and the engagement of stakeholder groups through the Academic, Governance, and Strategic Planning Council (AGS) or the appropriate council, committee, or task force.

Shared Governance Statement at Collin College – Timeline

- **April 26, 2005** - Board Policy BGC(Local) on Administrative Organization Plan Role of Faculty first adopted.
- **2007 TASB Update** – Board Policy BGC(Local) title changed to Administrative Organization Plan Councils and Faculty Senates, and used the term College District in lieu of College.
- **October 7, 2013** – The college outlined its collaborative process and shared governance responsibilities in the “Shared Governance at Collin College” document listed on our website, available at:
<https://www.collin.edu/leadership/pdf/2013SharedGovernanceCollin.pdf>.
- **December 16, 2016** – The “Shared Governance at Collin College” document was updated with new committee names and organizational changes.
- **March 16, 2021** – District President’s announcement of the launch of a task force to examine shared governance at Collin College to be led by Dr. Schumann is sent to the faculty.
- **March 23 and March 30, 2021** – First set of Shared Governance Task Force meetings.
- **April 12, 2021** – Committee of the Whole meeting, presentation “Overview of Shared Governance” by Executive Vice-President, Dr. Sherry Schumann, and General Counsel, Monica Velazquez.
- **April 27, 2021** - “Shared Governance at Collin College” document updated on the college’s website,
<https://www.collin.edu/leadership/pdf/SharedGovernanceCollin.pdf>
- **April 23 and April 27, 2021** – Second set of Shared Governance Task Force meetings.
- **May 7 and May 11, 2021** – Third set of Shared Governance Task Force meetings.
- **August 5, 2021** – Board Retreat. Discussion regarding enhancing district-wide communication.
- **August 24, 2021** (3:21 p.m.) – District President announces the creation of the Academic, Governance, and Strategic Planning (AGS) Council.

- **August 24, 2021** – OEP and Board Meeting, 1st reading of Board policy BGC(Local) as follows:

College District faculty, ~~staff, and administrators-members,~~ serve the College District ~~and participate in shared governance through membership and involvement in College District-recognized academic, governance, and strategic planning matters through membership and involvement in, but not limited to, College District recognized committees and task forces.~~

- At the request of District President, the word “students” was added to the policy. At the request of Trustee Menon and to address concerns raised by Trustee Orr, “shared” was removed from the term “shared governance” in the policy.

- **September 28, 2021** – OEP and Board Meeting, 2nd reading of Board policy BGC(Local) as follows:

College District faculty, staff, **students**, and ~~administrators-members,~~ serve the College District ~~and participate in shared governance through membership and involvement in College District-recognized academic, governance, and strategic planning matters through membership and involvement in, but not limited to, College District recognized committees and task forces.~~

- Request made in OEP to bring back definition on shared governance.
- Revised BGC(Local) policy approved by Board by a vote of 9-0.
- **Academic, Governance, and Strategic Planning (AGS) Council** (each AGS meeting had a full agenda. Shared governance has been one topic discussed throughout the meetings).
 - **November 17, 2021 meeting** – Materials distributed for review and future discussion. Topic held for discussion at the December 1 meeting due to time restraints (documents submitted/provided by Roger Ward and Dr. Schumann)
 - **AAUP Joint Statement on Shared Governance (AAUP, American Council on Education, and the Association of Governing Boards of Universities and Colleges (AGB))**
 - **AGB Board of Directors’ Statement on Shared Governance**
 - **AAUP on AGB Statement on Governance**
 - **How to Make Shared Governance Work: Some Best Practices**

- **December 1, 2021 meeting** – Began discussion around the various concepts, definitions, and perspectives presented throughout the literature. AGS Council members expressed that they understood that there is no one universally accepted policy or definition. Started brainstorming key concepts, terms, principles, and components of shared governance. Gathered a list of concepts, ideas, and phrases from AGS membership. Dr. Wendy Commons, English Professor and Chair of the Online Advisory Board, and Kim Davison, Chief of Staff, volunteered to begin putting the words or phrases together to create an initial draft for review at the first spring meeting. Asked membership to submit additional ideas and thoughts post discussion.

- **March 1, 2022 meeting** (Due to inclement weather, scheduled February meeting moved to March) – Dr. Wendy Commons and Kim Davison (with input by other staff) created draft segments which were combined to create a starting point for review and discussion by AGS Council membership (Versions 1 – 4). Distributed at the meeting. Group worked to edit initial drafts. Requested revisions, suggestions, edits, and input before the next meeting. Dr. Schumann shared information presented in December by Dr. Belle Wheelan, President of SACSCOC, that A Principles Review Committee is to be established for mid-cycle review. One topic to be considered - Shared Governance. Academic Governance is addressed in the standards, but not Shared Governance. If the committee makes a recommendation, College will revisit to ensure alignment.

- **March 24, 2022 meeting** – Prior to the meeting, membership submitted edits and suggestions to the previous drafts, and a Version 5 draft was created. Version 5 was discussed, edited, and revised during the meeting. Version 5.3 resulted. Distributed to membership with a request for final edits so a review and decision to move forward or revise could be made at the April AGS Council meeting.

- **April 28, 2022 meeting** – Based on review and discussion, no further edits were requested by the Council members. Moved to send the final version for consideration to the May OEP committee meeting. Unanimously supported by the AGS Council Membership.

- **May 24, 2022** – OEP and Board Meeting, 1st reading of Board policy BGC(Local) which included the Shared Governance statement created and supported by the AGS Council.

Collin County Community College District Board of Trustees

2022-06-X

June 28, 2022

Resource: Kim Davison
Chief of Staff

AGENDA ITEM: Report Out of the Organization, Education, and Policy Committee, Second Reading and Consideration of Approval of Local Board Policy

- **BGC (Local) Administrative Organization Plan – Councils and Faculty Senates**

DISCUSSION: The Organization, Education, and Policy Committee reviewed all policies presented in this item. The Organization, Education, and Policy Committee Chair will report out a recommendation at the June 28, 2022 regular meeting of the Board of Trustees.

PROPOSED CHANGES: As a part of the College’s comprehensive review of all policies and with updates and recommendations from the Texas Association of School Boards’ Legal and Policy Service, the local policy outlined below is being presented for your approval.

- **BGC (Local) Administrative Organization Plan – Councils and Faculty Senates –** Adds a statement of shared governance for Collin College as recommended by the Academic, Governance, and Strategic Planning (AGS) Council.

DISTRICT PRESIDENT’S RECOMMENDATION: The District President recommends approval of the Local Board Policy as outlined above.

SUGGESTED MOTION: This item may come as a motion and second out of committee. A suggested motion would be, “Mr. Chairman, I make the motion that the Board of Trustees of Collin County Community College District approves the Local Board Policy.”

Collin County Community College District Board of Trustees

3. Organization, Education, and Policy Committee

June 28, 2022

Resource: Dr. Neil Matkin
District President

DISCUSSION ITEM: Annual Review of Investment Policy CAK (Local)

DISCUSSION: The Public Funds Investment Act Government Code 2256.005(e) requires the following:

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

The College's investment advisory firm, Patterson & Associates, has conducted its annual review and does not recommend any changes this year.

Since this policy is required to be reviewed annually, the Finance and Audit Committee is conducting the review and the review will be presented to the Board of Trustees as a consent agenda item from that committee.

APPROPRIATIONS AND REVENUE SOURCES
INVESTMENTS

CAK
(LOCAL)

Purpose Statement	The College District is required under the Public Funds Investment Act (PFIA) Chapter 2256, Texas Government Code, to adopt a written investment policy. The College District is required to comply with the investment policy as approved by the Board in accordance with the standard of care as set forth in Chapter 2256.006, Texas Government Code.
Statement of Intent	The College District will invest public funds in a manner that provides the maximum security while meeting the daily cash flow demands of the College District, providing maximum potential interest earnings, and conforming to all state and local statutes governing the investment of public funds.
Scope	This investment policy applies to all financial assets of the College District. All funds are accounted for in the College District's Annual Financial and Compliance Report.
Prudence	<p>Investments will 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.</p> <p>The standard of prudence to be used by investment officers will be the "prudent person" standard and will be applied in the context of managing the overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.</p> <p>Prudent measures will be used to liquidate any investment that is downgraded to less than the required minimum rating.</p>
Objectives	<p>The primary objectives, in priority order, of the College District's investment activities will be:</p> <ol style="list-style-type: none">1. Safety: Safety of principal is the foremost objective of the College District's investment program. Investments of the College District will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.2. Liquidity: The College District's investment portfolio will remain sufficiently liquid to enable the College District to meet all operating requirements that might be reasonably anticipated.

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3. Return on Investments: The College District's investment portfolio will be designed with the objective of attaining a reasonable market yield throughout budgetary and economic cycles commensurate with the College District's investment risk constraints and the cash flow characteristics of the portfolio.

Designated Officers

The College District's chief financial officer, the associate vice president of accounting and financial reporting, and the associate vice president/controller are expressly authorized by the Board to cause the investment of all available College District funds consistent with this policy and are therefore designated as the investment officers. Because of the various duties and responsibilities related to managing the investment portfolio, the College District's designated investment officers may delegate specific support duties and responsibilities to the revenues and receivables accountant. No person may engage in an investment transaction except as provided under the terms of this policy.

The College District may contract with a Securities and Exchange Commission (SEC)-registered investment adviser for non-discretionary management of the portfolio.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process will refrain from personal business activity that could conflict with proper execution of the College District's investment program or that could impair their ability to make impartial investment decisions. Investment officers who have a personal business relationship with a business organization seeking to sell investments to the College District will file a statement disclosing the relationship to the College District's Board. Any material financial interests in financial institutions that conduct business with the College District, as well as any personal financial/investment positions that could be related to or have an impact upon the performance of the College District's portfolio, will be disclosed.

Additionally, any investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the College District will file a statement disclosing that relationship to the Texas Ethics Commission. A personal business relationship for this disclosure is defined as:

1. Owning ten percent or more of the voting stock or shares of the business organization or owning \$5,000 or more of the fair market value of the business organization;
2. Receiving funds from the business organization exceeding ten percent of gross income for the previous year; or

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3. Acquiring from the business organization during the previous year investments with a book value of \$2,500 or more for a personal account.

Sellers of Investments

The firm and representatives of brokers/dealers will be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC), and be in good standing with the Financial Industry Regulatory Authority (FINRA). A copy of the policy will be sent to every authorized broker/dealer.

Authorized Financial Dealers and Institutions

The College District will maintain a list of qualified brokers/dealers authorized to engage in investment transactions. The Board will annually review, revise, and adopt this list of qualified brokers.

All approved brokers must have completed a College District broker/dealer questionnaire and will be sent a copy of the investment policy for their records.

Approved brokers will have a current financial statement on file and, if applicable, will have executed a Master Repurchase Agreement.

Local government pools will be sent a copy of the policy and must certify that they have reviewed that policy.

Authorized Investments

The College District will pursue a conservative, proactive approach to investment activity, including bond proceeds and pledged revenue to the extent allowed by law, and although other investments may be authorized by law, the College District may invest only in investments authorized by the Board as listed below:

1. Treasury bills, treasury notes, and treasury bonds of the United States and other direct obligations of the agencies and instrumentalities of the United States.
2. Federal Deposit Insurance Corporation (FDIC) insured or collateralized time or demand deposits issued by a state or national bank domiciled in this state that are:
 - a. Insured by the FDIC or its successor; or
 - b. Secured by obligations described by the Public Funds Collateral Act, Chapter 2257.
3. Fully collateralized repurchase agreements, as expressly defined in Section 2256.011, Texas Government Code.
4. Local government investment pools approved by the College District's Board, by resolution, with a continuous rating of no

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lower than AAA or an equivalent rating by at least one nationally recognized rating service, and striving to maintain a \$1 net asset value.

5. AAA-rated money market mutual funds meeting the following criteria:
 - a. The fund must be registered with and regulated by the SEC;
 - b. The fund must have a dollar-weighted average stated maturity of not more than 60 days;
 - c. An established objective of the fund must be to maintain a stable net asset value of \$1 for each share;
 - d. The fund must comply with SEC Rule 2a-7; and
 - e. The fund must meet all requirements of the Texas Public Funds Investment Act, as amended.
6. Domestic commercial paper rated A1/P1 or equivalent with a maximum maturity of 270 days.
7. Obligations of states, agencies, counties, cities, and other political subdivisions of any U.S. state rated A or equivalent by a nationally recognized investment rating agency.
8. FDIC-insured brokered certificates of deposit securities issued by any bank in the U.S. delivery-versus-payment (DVP) to the College District's safekeeping agent.
9. Share certificates of credit unions domiciled in the state insured by the National Credit Union Insurance Fund.
10. Interest bearing accounts in any bank in Texas, FDIC insured or collateralized in accordance with this policy.

**Prohibited
Investments**

The College District is strictly prohibited from investing in any of the following collateralized mortgage obligations (CMO):

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
3. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.

4. Collateralized mortgage obligations that have interest rates determined by an index that adjusts opposite to the changes in a market index.

Collateralization

Collateralization will be required on all bank time or demand deposits and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102 percent of market value of principal and accrued interest. The custodian will be independent and outside the holding company of the pledging institution or repurchase agreement counter-party.

Acceptable collateral for depository time and demand deposits includes only:

- Obligations of the U.S. government, its agencies, and instrumentalities;
- Obligations of or guaranteed by state and local governmental entities if rated "A" or better; and
- FHLB letters of credit.

Acceptable collateral for repurchase agreements includes only:

- Obligations of the U.S. government, its agencies, and instrumentalities; and
- Obligations of or guaranteed by state and local governmental entities if rated "A" or better.

All these securities are authorized by the Public Funds Collateral Act, Chapter 2257, Texas Government Code.

Additional collateral may be pledged or purchased as required, released as it is not needed, and substituted, if necessary, with the written consent of the investment officer.

Safekeeping

All security transactions, including collateral for repurchase agreements, entered into by the College District will be conducted on a DVP basis. Securities owned by the College District will be held by a College District contracted third-party safekeeping institution. Safekeeping receipts and clearance documents will be required for all securities purchased or sold by the College District and held in safekeeping by an authorized third party.

Diversification

Diversification by investment maturity based on cash flow needs will reduce the impact of adverse market fluctuations.

Maximum Maturities

To the extent possible, the College District will attempt to match its investments with anticipated cash flow requirements except the

APPROPRIATIONS AND REVENUE SOURCES
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College District will not invest in securities maturing more than 36 months from the date of purchase.

The maximum dollar weighted average maturity of the total portfolio will not exceed 12 months.

Internal Controls

Duties related to investment activities will be delegated so that segregation of duties will be maintained with respect to purchasing, recording, authorizing, and reconciling investment accounts. The College District's designated investment officers will be responsible for all investment decisions. Written signature authorization of two of the aforementioned investment officers will be required to execute all investment purchases or sales.

As part of the annual financial audit, the external auditors will perform a compliance audit of management controls on investments and adherence to investment policies and procedures.

Delivery Versus
Payment

All security transactions (with the exception of pool or money funds) by the College District will be settled "delivery versus payment." That is, the College District authorizes the safekeeping institution to release its funds only after a purchased security has been received by the institution.

Competitive Bidding
Required

All investments will be purchased or sold on a competitive basis with bids or offers from a minimum of three College District authorized brokers/dealers for the best yield and maturity. New issue agencies must be compared to comparable securities as a competitive bid.

Monitoring Credit
Ratings

The investment officer or investment adviser will monitor, on no less than a weekly basis, the credit rating on all authorized investments in the portfolio based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by policy, the investment officer or adviser will notify the CFO of the loss of rating, conditions affecting the rating, and possible loss of principal with liquidation options available, within five days after the loss of the required rating.

Loss of Credit
Rating

The College District will monitor the credit ratings on securities that require minimum ratings. This may be accomplished through staff research or with the assistance of brokers/dealers, banks, safekeeping agents, advisers, or other independent sources. In the event that the credit rating of any security falls below the minimum required rating, the College District will take all prudent measures that are consistent with its policy to liquidate the investment.

The College District is not required to liquidate investments that were authorized investments at the time of purchase. [See 2256.017]

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Monitoring FDIC Coverage	<p>The investment officer or investment adviser will monitor, on no less than a weekly basis, the status and ownership of all banks issuing brokered CDs owned by the College District based upon information from the FDIC. If any bank has been acquired, or merged with another bank in which brokered CDs are owned, the investment officer or adviser will immediately liquidate any brokered CD and/or interest-bearing investments that place the College District above the FDIC insurance level.</p>
Reporting	<p>Not less than quarterly, a written report of investment transactions for all funds will be prepared and signed by the investment officers and will be submitted to the Board. Reports will be prepared in accordance with requirements as specified in Section 2256.023, Texas Government Code. The quarterly written reports will be reviewed annually during the compliance audit of an independent auditor with the results reported to the Board.</p>
Market Price	<p>The investment portfolio will be marked to market monthly. Pricing information will be obtained from sources deemed independent and comparable by the associate vice president of accounting and financial reporting or the associate vice president/controller. If the price of a security is not available, the price may be estimated by analyzing similar securities' market values (matrix pricing).</p>
Training	<p>The College District's chief financial officer, the associate vice president of accounting and financial reporting, and the associate vice president/controller, being designated by the Board as the investment officers for the College District, will receive ten hours of instruction in accordance with the PFIA of the State of Texas within the first 12 months of assuming the position. Every succeeding two years the officers will receive at least ten additional hours of training relating to investment responsibility from an independent source approved by the Board.</p>
Investment Policy Review and Adoption	<p>The College District's investment policy will be adopted by written resolution of the Board stating that the Board has reviewed the investment policy and strategy and will include any changes made to either. The investment policies and strategies will be reviewed by the Board not less than annually. All revisions will be formally approved by the Board.</p>
Investment Strategy	<p>The College District maintains portfolios that use four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolio(s). The weighted average maturity of the overall portfolio will not exceed one year.</p> <p>Strategies for the investment of College District funds will address:</p>

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1. Investment suitability as it relates to the financial requirements and credit concerns of the College District;
2. Preservation and safety of principal to ensure that capital losses are avoided whether they be from defaults or erosion of market value;
3. Liquidity to the extent needed to pay the College District's obligations as they become due;
4. Investment marketability provided the need arises for the College District to liquidate the investment prior to its maturity date, although securities of all types are purchased with the intention of holding until maturity;
5. Investment diversification by maturity and market sector; and
6. Yield to attain the best yield on investments, while considering risk constraints and cash flow needs; the basis or benchmark used to determine whether market yields are being achieved will be the one-year Treasury Bill chosen for its comparability to the portfolio's maximum weighted average maturity.

Operating Fund

The primary objective of the investment strategy for the operating fund will be to ensure that anticipated cash flows are matched with adequate investment liquidity. Maturities will be staggered to meet operating expenditures, based on known and projected cash flows and market conditions. Thirty-six months is the maximum maturity for the majority of securities in the portfolio.

Building Fund

The primary objective of the investment strategy for the building fund will be to ensure that maturities are matched with anticipated cash flows. Maturities will be staggered so that they coincide with estimated draw down dates based on construction schedules and estimated project completion dates.

Debt Service Fund

The primary objective of the investment strategy for the debt service fund will be to ensure that investment liquidity is adequate to cover each succeeding debt service obligation on the required payment date. No investments may be made that exceed the next unfunded debt service payment date.

Debt Service
Reserve Funds

Debt service reserves have no anticipated expenditures. The funds are deposited to provide annual debt service payment protection to bond holders. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and liquidity. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the College District is best served by locking in investment maturities and reducing liquidity. If the arbitrage yield cannot be exceeded, the concurrent market conditions

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will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields. Managing the portfolios maturities to not exceed the call provisions of the bond issue will reduce the investment's market risk if the College District's bonds are called and the reserve fund liquidated. No investment maturity will exceed three years. All portfolio investments will be in compliance with bond covenants and insurance requirements of all bond issues.