

FINANCIAL MANAGEMENT

Policy 30950: Investment Policy

1. PURPOSE

Establish guidelines for the investments of College local and federal funds.

2. POLICY

The primary investment objective for the College is to invest available cash according to established policies while providing appropriate levels of safety, liquidity, and yield, in that order. Performance against this objective shall be monitored on an ongoing basis. The prospect of credit risk or risk of permanent loss shall be avoided. The portfolio shall be diversified in order to minimize risk exposures. Specific investments shall be in conformance with policies and regulations of the Commonwealth as established by the Department of the Treasury, the Department of Accounts, and *The Code of Virginia*.

3. PROCEDURES

3.1. Investment Management: The Vice President for Administrative Services and the Business Manager shall manage investments for the College within the approved policies and procedures. In addition to these two persons, the President is also authorized to conduct investment transactions and open accounts on behalf of the College.

3.2. Available Cash: The Business Manager and the Vice President shall be responsible for determining the amount of cash required for operations within each fund. Cash not required for short-term operations shall be invested. Due to their nature, cash held in Temporarily Restricted Funds shall not ordinarily be considered available for investments. If the College staff believes these fund will not be required for more than a month, the funds may be placed in risk-free or minimal-risk investments. Federal student aid shall not be invested unless federal regulations require it.

3.3. Allowable Investments:

3.3.1. Programs offered by the Virginia Department of Treasury.

3.3.2. Direct obligations to the United States.

3.3.3. Obligations unconditionally guaranteed (principal and interest) by the United States. Collateralized mortgage obligations and other mortgage-backed securities guaranteed by the United States or an agency or instrumentality of the United States.

- 3.3.4. Obligations of any or instrumentality of the United States, such as the Federal Home Loan Bank, Federal National Mortgage Association, and the Government National Mortgage Association.
 - 3.3.5. Repurchase Agreements collateralized with securities that are approved for direct investment.
 - 3.3.6. Banker's acceptances with major United States Money Center Banks rated "B/C" or better in the Thompson BankWatch Ratings.
 - 3.3.7. Commercial paper issued by domestic corporations having a credit rating no lower than "P-1" by Moody's Investors Services, Inc. and "A-1" by Standard and Poor's Corporation.
 - 3.3.8. Money Market Funds of Commercial Banks and other major investment institutions restricted to securities, approved for direct investment.
 - 3.3.9. Corporate notes of domestic corporations having a credit rating of at least "A" by two rating agencies, one of which must be either Moody's Investors Service, Inc. or Standard and Poor's Corporation. Duration shall not exceed five years. Floating rate notes of domestic commercial banks are to be categorized as corporate notes.
 - 3.3.10. Fully-hedged debt obligations of sovereign governments and companies that are fully guaranteed by such sovereign governments with a credit rating of at least "Aaa" by Moody's Investors Service, Inc. and "AAA" by Standard and Poor's Corporation, with a maturity of no more than five years.
 - 3.3.11. 3.3.11. Obligations of the Commonwealth of Virginia and those unconditionally guaranteed by the Commonwealth of Virginia upon which there is no default.
 - 3.3.12. 3.3.12. Asset-backed securities having a credit rating of "AAA" by at least two rating agencies, one of which must be either Moody's Investors Service, Inc. or Standard and Poor's Corporation. Duration shall not exceed five years.
 - 3.3.13. Negotiable certificates of deposit and negotiable bank notes of domestic banks, which are rated at least "Aa" by Moody's Investor Service, Inc. and "AA" by Standard and Poor's Corporation.
- 3.4. **Safekeeping Arrangements:** The College or its custodial agent shall hold securities purchased pursuant to provisions of this policy.

3.5. Monitoring and Reporting: The Finance Committee shall review all objectives, policies, and guidelines at least annually. The Vice President for Administrative Services or the Business Manager shall report performance results to the Finance Committee at each Committee meeting. The Committee shall report performance and other information deemed necessary to the entire College Board as deemed necessary.

4. DEFINITIONS

5. REFERENCES

Commonwealth of Virginia Department of the Treasury, Local Government Investment Pool Investment Circular.

Code of Virginia, Chapter 18, Sections 2.2-4500 and 2.2-45018.

6. Point of Contact

Richard L. (Rick) Brehm
Vice President for Administrative Services
Germanna Community College
2130 Germanna Highway
Locust Grove, VA 22508
540 727-3013

7. Approval and Revision Dates

Local College Board
Approved on May 15,

President's Council
Approved on June 3, 2002