309.01 Investment Policy

**SCOPE OF POLICY** - This Investment Policy applies to the investment activities of any funds which are or may come under the jurisdiction of the College. Investments made under the College investment policy in force at the time of the adoption of this policy shall be permitted to mature if they conformed with the old policy but not with this policy and if the College would sustain a loss if it was sold prior to maturity. Anything in this notwithstanding, the mandates of Illinois Compiled Statutes shall take precedence over this policy except where this policy is more restrictive.

A. **OBJECTIVES** - The purpose of the College’s Investment Policy is to establish cash management and investment guidelines for the stewardship of the public funds that are under the jurisdiction of the College. The specific objectives of the Policy are:

1. **Safety.** The safety of principal and the security of monies, whether on hand or invested, shall be the primary concern of the Treasurer in selecting depositories or investments.

2. **Liquidity.** The investment portfolio shall remain sufficiently liquid to meet the College’s reasonably anticipated operating requirements.

3. **Return.** To the extent consistent with safety and the restriction imposed by this policy, the Treasurer shall seek to attain a market average or better rate of return throughout budgetary and economic cycles, taking into account risk, constraints, cash flow, and legal restriction on investment.

4. **Local Considerations.** The Treasurer shall use sound federally insured depositories located within the College District provided that the aforementioned objectives are met, and such investments would be in compliance with all other conditions and limitations of this Investment Policy.

B. **GUIDELINES** - To assist in attaining the stated objectives, the following guidelines shall be observed:
1. Investments shall be undertaken in a manner that seeks to insure preservation of capital in the overall portfolio. To avoid unreasonable risks, diversification of investments is required. No one institution shall have more than 50% of the College’s invested funds at any one time.

2. The portfolio should remain sufficiently liquid to meet operating requirements, which may be reasonably anticipated. Cash flow shall be reviewed quarterly.

3. Investments shall be limited to those permitted by law, to the extent this policy is not more restrictive than the law.

4. All funds shall be deposited/invested within three working days.

5. When appropriate, investments shall be selected on the basis of competitive bids.

C. DIVERSIFICATION - Diversification of the investment portfolio shall be consistent with the Objectives described in Paragraph A.

D. RESPONSIBILITY - Investment of all funds under the control of the College is the direct responsibility of the Treasurer. The Treasurer shall be responsible for all transactions and shall establish a system of controls for all authorized subordinates who are directly involved in the assistance of such investment activities.

E. PERFORMANCE MEASURES - The use of U.S. Treasury bills, average Fed Fund rate, Illinois Funds or other stable markets can be used to determine whether market yields are being achieved.

F. PERIODIC REVIEW - The Treasurer shall establish annual independent review for internal control, which assures compliance within the Investment Policy. This will be accomplished with the College’s external auditors.

G. REPORTING - All investment transactions shall be recorded by the Treasurer or the Treasurer's staff. A report listing all active investments, location of investments, maturity of investments, interest rate and other pertinent information deemed necessary will be submitted monthly to the Board.
H. **INVESTMENT VEHICLES**

1. Except as may be further limited by these policies, the Treasurer shall limit investments of College funds to those permitted in Illinois Compiled Statutes, 30 ILCS 235/2. A summary of allowable securities follows:
   a.) Notes, bonds, certificates of indebtedness, treasury bills, or other securities, which are guaranteed by the full faith and credit of the United States of America.
   b.) Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies.
   c.) Interest bearing accounts, certificates of deposit or interest bearing time deposits of any other investment constituting direct obligations of any bank as defined by the Illinois Banking Act.
   d.) Short-term obligations (corporate paper) of corporations organized in the United States with assets exceeding $500,000,000 if (i) such obligations are rated at the time of purchase within the 3 highest classifications established by at least 2 standard rating services and which mature not later than 180 days from the date of purchase, and (ii) such purchases do not exceed 10% of the corporation's outstanding obligations or (iii) no more than 1/3 of the public agency’s funds may be invested in short term obligations of corporations.
   e. Money market mutual funds registered under the Investment Company Act of 1940.

2. The Treasurer is authorized to purchase or sell, assign and endorse for transfer, certificates representing Illinois or Illinois municipal corporation tax exempt bonds rated AAA or better by a nationally recognized bond rating company which are purchased solely for purposes of the Insurance Reserve Fund Bond now registered or which may be hereafter registered in the name of the College.
I. **FINANCIAL INSTITUTIONS** - The College, with the advice of the Treasurer, shall select which financial institutions will be eligible depositories for the College District. Any financial institution, upon meeting the requirements of the Illinois Compiled Statutes and of this Investment Policy, may request to become a depository for the College funds. The College will take into consideration security, size, location, financial condition, service, fees, competitiveness, and the community relations involvement of the financial institution when choosing depositories.

J. **COLLATERALIZATION OF DEPOSITS** –

1. To meet the objective of safety of capital, the Treasurer will always require deposits in excess of the Federally insured amount to be appropriately collateralized to the extent on One Hundred and Ten Percent (110%) and such collateralization shall be evidenced by an approved written agreement.

2. Except as may be further limited by these policies, the Treasurer shall limit collateral instruments to those permitted in Illinois Compiled Statutes, 30 ILCS 235/6. A summary of allowable collateral instruments and collateral rates (market value divided by deposit) is as follows:

   a) Negotiable obligations of the United States Government; =110%
   b) Negotiable obligations of any agency or instrumentality of the United States Government backed by the full faith and credit of the United States Government; =110%
   c) Negotiable obligations of the State of Illinois which are rated within the 3 highest classifications established by Moody's or Standard and Poors; =110%
   d) Negotiable obligations of the College which are rated A or better by Moody's or Standard and Poors. =110%
   e) Letters of credit issued by a Federal Home Loan Bank =110%
   f) A bond, executed by a company authorized to transact the kinds of business described in clause (g) of Section 4 of the Illinois Insurance Code, payable to SVCC =110%

3. Maturity of acceptable collateral shall not exceed 120 months.
4. The ratio of fair market value of collateral to the amount of funds secured shall be reviewed weekly and additional collateral will be requested if the ratio declines below the level required.

5. **Safekeeping of Collateral.** Third party safekeeping is required for all collateral. To accomplish this, the securities will be held at a safekeeping depository as approved from time to time by the Treasurer.

   Safekeeping will be documented by an approved written agreement. Substitution, exchange or release of securities held in safekeeping may be done upon two (2) days prior written notice to the Treasurer.

   When collateral is extended, the Treasurer should receive a copy of the financial institution’s board minutes, indicating the board of director’s approval.

K. **SAFEKEEPING OF SECURITIES** - Unless held physically by the Treasurer, all securities shall be kept in appropriate third party safekeeping. The Treasurer will have the sole responsibility for selecting safekeeping agents. Safekeeping will be documented by an approved written agreement.

L. **INDEMNIFICATION** - 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 possible income to be derived.

   In maintaining its investment portfolio, the Treasurer shall avoid any transaction that might impair public confidence in the College.

   The above standards are established as standards for professional responsibility and shall be applied in the context of managing the portfolio.

   The Treasurer and employees of the Treasurer acting in accordance with this Investment Policy and procedures as have been or may be established and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market changes.
M. **SECURITY CONTROLS** - Only the Treasurer, or in the absence of the Treasurer, the President, is authorized to establish financial accounts for the College. At all times either the Treasurer, singly, or the President, singly, is authorized to sign on financial accounts of the office of the Treasurer. Authorized signatories are NOT permitted to reconcile bank accounts at any time.

N. **THE CORRUPT PRACTICES ACT** - The Illinois Compiled Statutes govern ethics.

O. **BONDING** - The Treasurer and all employees shall be bonded for the benefit of the College for an amount determined to be reasonable. The surety shall be a corporate surety company.

P. **CAPTIONS AND HEADING** - The captions and headings used herein are for convenience of reference only and do not define or limit the contents.

3/23/87
5/24/93
4/28/97
11/22/99
2/27/06
11/22/10