

INVESTMENT AUTHORITY

The Board of Regents shall have the responsibility for investment policies of the *District*. The management of the funds available for the investment shall be the responsibility of the President or other person designated and shall be in accordance with applicable laws and policies of the State of Texas and the Board of Regents. The investment officer shall be bonded. All investment transactions except investment pool funds and mutual funds shall be executed on a delivery versus payment basis.

APPROVED INVESTMENTS

The authorized investment instruments shall be as follows:

1. Obligations of the United States Government or its agencies and instrumentalities which have the full faith and credit guarantee of the United States Government or its agencies and instrumentalities.
2. Certificates of deposit guaranteed by the Federal Deposit Insurance Corporation issued by state and national banks domiciled in Texas.
3. Demand deposits and Certificates of Deposit guaranteed by the Federal Deposit Insurance Corporation or secured by pledged securities described above in item 1 issued by the depository approved by the Board of Regents.
4. Public funds investment pools as permitted by Government Code 2256.016 - 2256.019 and approved by Board resolution up to eight million dollars.
5. Commercial paper that has a maturity of 270 days or fewer and is rated no less than A-1 or P-1 by at least two nationally recognized rating agencies.
6. Money market mutual funds as permitted by Government Code 2256.014 and approved by Board resolution.
7. Fully collateralized repurchase agreements as permitted by Government Code 2256.011.

SOLICITING BIDS

Purchase of the investment instruments shall be made after bid requirements, as established by law, have been followed.

BROKERS/DEALERS

Investment instruments shall not be purchased from a person or entity that has not certified that they will exercise reasonable effort to preclude imprudent investments. Representatives of investment dealers shall be registered membership in the Securities Investor Protection Corporation.

SAFETY AND INVESTMENT  
MANAGEMENT

Investments shall be made with judgment and care, under circumstances then prevailing, that 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. The District investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirement.

DIVERSITY

The investment portfolio shall be diversified in terms of instruments, maturity, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer.

MONITORING AND  
REPORTS

Monitoring shall be done quarterly and more often as economic conditions warrant. The investment officer shall keep the Board informed of significant declines in the market value of the investment portfolio. In addition to the quarterly report, the investment officer shall prepare a comprehensive annual report of investment activity to be presented to the Board. The annual report shall include a performance evaluation of the total yield and include policies and strategies for improvements that might enhance the investment program.

INTERNAL CONTROLS

A system of internal controls shall be established and documented in writing. They shall be designed to protect against losses of public funds

arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in the financial markets or imprudent actions by employees and officers of the District.

FUND STRATEGIES

Unrestricted Net Assets: Unless matched to a specific requirement, the investment officer may not invest more than 50% of these funds for a period of greater than one (1) year. Unless matched to a specific requirement, the investment officer may not invest any portion of these funds for a period greater than two (2) years.

Restricted Net Assets – Nonexpendable (Endowments): The investment officer shall coordinate the management of these funds with the assistance of an investment manager appointed by the Board. Strategy and goals for endowments shall be determined annually by the Board.

Restricted Net Assets - Expendable: Unless matched to a specific requirement, the investment officer may not invest more than 50% of these funds for a period of greater than three (3) years. The maximum maturity of these funds shall be five (5) years.