

INDIAN HILLS COMMUNITY COLLEGE

INVESTMENT POLICY
Effective September 1, 1992

SECTION 1 -- SCOPE OF INVESTMENT POLICY

The Investment Policy of Indian Hills Community College (also referred to hereinafter as the College) shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving any of those funds accounted for in the financial statements of Indian Hills Community College. Applicable law and this written Investment Policy must authorize each investment made.

The investment of bond funds or sinking funds shall comply not only with this investment policy, but also be consistent with any applicable bond resolution.

This investment policy is intended to comply with Iowa Code Chapters 12B and 12C, as may be amended from time to time.

Upon passage and upon future amendment, if any, copies of this Investment Policy shall be delivered to all of the following:

1. The governing body or officer of Indian Hills Community College to which the Investment Policy applies
2. All depository institutions or fiduciaries for public funds of Indian Hills Community College
3. The auditor engaged to audit any fund of Indian Hills Community College

In addition, a copy of this Investment Policy shall be delivered to every fiduciary or third party assisting with or facilitating investment of the funds of Indian Hills Community College.

SECTION 2 -- DELEGATION OF AUTHORITY

In accordance with sections Chapter 12B.10(1) and 12C.9, the responsibility for conducting investment transactions resides with the Treasurer, assisted by the Controller and College Accountant, subject to review and approval by the President of Indian Hills Community College.

All contracts or agreements with outside persons investing public funds, advising on the investment of public funds, directing the deposit or investment of public funds or acting in a fiduciary capacity for Indian Hills Community College shall require the outside person to notify the Treasurer, Controller, College Accountant, and President in writing within thirty days of receipt of any communication from their Auditor or any regulatory authority of the existence of a material weakness in their internal control structure or regulatory orders or sanctions regarding the type of services being provided to the College by the outside person.

The records of investment transactions made by or on behalf of Indian Hills Community College are public records and are the property of the College whether in the custody of the Treasurer, Controller, College Accountant or in the custody of a fiduciary or other third party.

The College will adhere to a system of internal controls that govern investment practices. The controls shall be designed to prevent losses of public funds, to document those officers and employees of the College responsible for elements of the investment process and to address the capability of investment management. The controls shall provide for receipt and review of the audited financial statements and related report on internal control structure of all outside persons performing any of the following for this public body.

1. Investing public funds
2. Advising on the investment of public funds
3. Directing the deposit or investment of public funds
4. Acting in a fiduciary capacity for this public body

A Bank, Savings and Loan Association or Credit Union providing only depository services shall not be required to provide an audited financial statement and related report on internal control structure.

The College will carry fidelity insurance, including faithful performance, in an amount not less than \$2,000,000; covering all employees authorized to place investments.

SECTION 3 -- OBJECTIVES OF INVESTMENT POLICY

The primary objectives, in order of priority, of all investment activities involving the financial assets of Indian Hills Community College shall be the following:

1. SAFETY: Safety and preservation of principal in the overall portfolio.
2. LIQUIDITY: Maintaining the necessary liquidity to match expected liabilities.
3. RETURN: Obtaining a reasonable return.

SECTION 4 -- PRUDENCE

The Treasurer, when investing or depositing public funds, shall exercise the care, skill, prudence and diligence under the prevailing circumstances that a person acting in a like capacity and familiar with such matters would use to attain the Section 3 investment objectives. This standard requires that when making investment decisions, the Treasurer shall consider the role that the investment or deposit plays within the portfolio of assets of the College and the investment objectives stated in Section 3.

SECTION 5 -- INSTRUMENTS ELIGIBLE FOR INVESTMENT

Assets of Indian Hills Community College may only be invested in the following:

- ___ Interest bearing savings accounts, interest bearing money market accounts, and interest bearing checking accounts at any bank, savings and loan association or credit union in the State of Iowa. Each financial institution shall be properly declared as a depository by the governing body of Indian Hills Community College. Deposits in any financial institution shall not exceed the maximum balance approved by the governing body of the College.
- ___ Obligations of the United States government, its agencies and instrumentalities.
- ___ Certificates of deposit and other evidences of deposit at federally insured depository institutions approved and secured pursuant to Iowa Code Chapter 12C.
- ___ Repurchase agreements, excluding reverse repurchase agreements, provided the underlying collateral consists of obligations of the United States government, its agencies and instrumentalities; and the College takes delivery of the collateral either directly or through an authorized custodian.
- ___ Insured deposits or certificates of deposits, invested pursuant to Iowa Code Section 12B.10(7), in an amount above any insured portion of the public funds on deposit at a federally insured Iowa depository institution approved and secured pursuant to Iowa Code Chapter 12C.

- Joint Investment Trust Organized under Chapter 28E that are:
 - Registered with the SEC and operated in accordance with Rule 2a-7; or
 - Rated within the 2 highest classifications by at least one of the standard rating services approved by the Superintendent of Banking and either:
 - Operated in accordance with SEC Rule 2a-7; or
 - Operated in accordance with the requirements of the governmental accounting standards board for external investment pools, specifically the Iowa Schools Joint Investment Trust (ISJIT).

All instruments eligible for investment are further qualified by all other provisions of this Investment Policy, including Section 6 investment maturity limitations and Section 7 diversification requirements.

SECTION 6 -- INVESTMENT MATURITY LIMITATIONS

Operating Funds must be identified and distinguished from all other funds available for investment. Operating Funds are defined as those funds which are reasonably expected to be expended during a current budget year or within fifteen months of receipt.

All investments authorized in Section 5 are further subject to the following investment maturity limitations:

1. Operating Funds may only be invested in instruments authorized in Section 5 of this Investment Policy that mature within three hundred ninety-seven (397) days. However, if the College has or expects to accrue in the current budget year an amount of public funds that exceeds Operating Funds by at least thirty-three percent may invest amounts exceeding thirty-three percent of Operating Funds in certificates of deposit at federally insured depository institutions approved pursuant to chapter 12C which mature within sixty-three months or less provided that the College invests an amount reasonably expected to be expended during the current budget year or within fifteen months of receipt in investments authorized in Section 5 of this Investment Policy that mature within three hundred ninety-seven (397) days.
2. The Treasurer may invest funds of Indian Hills Community College that are not identified as Operating Funds in investments with maturities longer than three hundred ninety-seven days (397) days. However, all College investments shall have maturities that are consistent with the needs and uses of the College.

SECTION 7 -- DIVERSIFICATION

Where possible, it is the policy of the College to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The following general policies and constraints shall apply:

1. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.
2. Liquidity practices shall be used at all times to insure that the next disbursement date and payroll date are covered through maturing investments, marketable U.S. Treasury bills or cash on hand.

Investments of Indian Hills Community College would be subject to additional diversification requirements if and when bankers' acceptances were listed as instruments eligible for investment.

SECTION 8 -- SAFEKEEPING AND CUSTODY

All invested assets of Indian Hills Community College involving the use of a public funds custodial agreement, as defined in Chapter 12B.10, shall comply with all administrative rules adopted under the authority of Section 12B.10C, Code of Iowa. All custodial agreements shall be in writing and shall contain a provision that all custodial services are provided in accordance with the laws of the State of Iowa.

All invested assets of the College eligible for physical delivery shall be secured by having them held at a third party custodian. All purchased investments shall be held pursuant to a written third party custodial agreement requiring delivery versus payment and compliance with all rules set out in this Section.

SECTION 9 -- ETHICS AND CONFLICT OF INTEREST

The Treasurer and all officers and employees of Indian Hills Community College involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

SECTION 10 -- REPORTING

The Treasurer shall submit annually an investment report that summarizes recent market conditions and investment strategies employed since the last investment report. The investment report shall set out the current portfolio in terms of maturity and rates of return.

SECTION 11 -- INVESTMENT POLICY REVIEW AND AMENDMENT

This investment policy shall be reviewed annually at the September Board meeting or more frequently as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section 1. This policy shall be effective September 1, 1992 and rescinds all prior inconsistent resolutions of the Board.

- *Revised September 13, 1999 to reflect revision of Iowa code chapter references. Iowa Code Chapter 452 language pertaining to "Security of the Revenue" was transferred to Chapter 12B.
- *Revised September 12, 2005, to reclassify repurchase agreements as instruments eligible for investment and restate minimum level of fidelity insurance carried by college.
- *Revised September 11, 2006 to remove "Commercial paper or other short-term debt" from Section 6 "Prohibited Investments" and remove "and commercial paper" from the last sentence of Section 8 "Diversification".
- *Revised September 10, 2012 to include the College President as a responsible party under Section 2 "Delegation of Authority" and Section 4 "Prudence".
- *Revised September 9, 2014 to restate the minimum level of fidelity insurance carried by the College in Section 2 "Delegation of Authority" and revision of Iowa Code references in Section 9 "Safekeeping and Custody".
- *Revised September 11, 2017 to remove Section 6 "Prohibited Investments and Investment Practices" in its' entirety and renumber all subsequent sections as appropriate.
- *Revised September 10, 2018 to update Section 5 "Instruments Eligible for Investment" to include CDRS and ICS bank products and updated ISJIT Code language, and update Section 6 "Investment Maturity Limitations" to include new code language relating to maturity limits when investing operational funds(33% rule).