

INVESTMENT POLICY

J. Sargeant Reynolds Community College

February 1992

Revised: June 2005

INTRODUCTION

The J. Sargeant Reynolds Community College investment pool consists of accumulated funds that have been derived from various sources. These funds are expendable funds and are not endowment funds. They are managed locally by the College and consist of vending commissions (bookstore and food service), funding provided by localities in the College's service area, student fees and other sources. Sources of funds such as tuition and grant and contract support are deposited into the State Treasury and become part of the investment pool managed by the State Treasurer.

This investment policy addresses the locally managed funds which are deposited into accounts maintained and controlled by the College.

II. INVESTMENT PHILOSOPHY

The College's investment philosophy has been one that places the highest priority on the preservation of principal with a high degree of liquidity necessary due to the expendable nature of the funds being invested. Investments are made according to the "Prudent

Person Rule”, which states that the investment managers should act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments.

III. INVESTMENT OBJECTIVES

The primary objectives of the College’s investment activities are:

- A. SAFETY: Safety of principle is the foremost objective.
- B. LIQUIDTY: The investment portfolio will be sufficiently liquid to enable it to meet all operational requirements which might be reasonably anticipated.
- C. RETURN ON INVESTMENT: The investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account its investment risk constraints and the cash flow characteristics of the portfolio.

IV. AUTHORIZED INVESTMENT INSTRUMENTS AND CREDIT QUALITY

Authorized investment of College funds will be limited to the following types of investments:

- A. Obligations issued or guaranteed by the U. S. Government an agency thereof, or government-sponsored corporation.
- B. Certificates of deposit and time deposits with banks and savings and loans which are federally insured to the maximum extent possible.

- C. Repurchase agreements with collateral on overnight or one day repurchase agreements having at least 100% of the value of the repurchase agreement.
- D. Bankers acceptance with major U. S. money center banks and domestic offices of international banks. Both domestic and international bankers acceptances must be rated by “Bank Watch” (a service of Thomson Bankwatch, Inc.), not lower than the following: Country rating of I on a scale of I to V and company rating of at least B/C on a scale of A through E.
- E. Corporate debt securities in the top two credit ratings of Moody’s (Aaa and Aa), and Standard and Poors (AAA and AA) credit reports.
- F. Commercial paper issued by domestic corporations rated no lower than P-1 by Moody’s Investors Service and A-1 by Standard and Poors Corporation.

These investments may be made through direct purchases or through investment in pools such as the Common Fund-Short Term Fund, and the Local Government Investment Pool (LGIP) which invest in instruments of similar credit quality.

V. DIVERSIFICATION

The College’s investment portfolio will be diversified with no more than 10% of the value of the portfolio at the time of purchase being invested in the securities of any single issuer. This limitation does not apply to securities of the U. S. Government or agency thereof, or fully insured certificates of deposit.

VI. INVESTMENT RESTRICTIONS

The College's investments will be restricted to the instruments referenced in Section IV above.

Investment Policy approved by J. Sargeant Reynolds Community College Board June 2005

Reviewed on October 25, 2011

Investment Policy JSRCC