



P&P Chapter Lead Recommendation
San Bernardino Community College District

Current Step:
To Constituents FYI

Point Person	Date Requested	Anticipated Date of Recommendation:	Recommendation Received:
J Torres	8/7/2023	Recommendation Received	1/15/2024

Reason(s) for Review/Changes
> Annual Review as required by Board Policy; staff recommends no changes.

Review Level
Level 1

Anticipated AP2410 Schedule (for info on this process, visit <https://sbccd.edu/ap2410>)

- 02/06/2024 BPPAC Approval
- 02/26/2024 PPAC Approves Review Level
- 02/27/2024 Level 1 to Constituents for Information Only
- 03/14/2024 BOT First Reading
- 04/11/2024 BOT Final Approval

- Action Requested**
1. Please review this Chapter Lead recommendation based on the reasons above.
 2. Staff recommended changes are **shown in red**.
 3. Legal changes are **shown in blue** and should only be considered optional if indicated.
 4. If there are no changes showing, this item is being presented for information only.
 5. For questions on this recommendation, please contact J Torres or kgoodric@sbccd.edu.

RECOMMENDATION STARTS ON NEXT PAGE

BP 6320 Investments

P&P Chapter Lead Recommendation
San Bernardino Community College District



02/28/24

Reason(s) for Review/Changes

> Annual Review as required by Board Policy; staff recommends no changes..

Review Process Notes:

It is the policy of the San Bernardino Community College District to invest public funds in a manner providing the highest investment return with the maximum security while meeting the daily cash flow demands of the District, and conforming to all applicable federal, state and local laws governing the investment of public funds.

This Policy shall be reviewed annually by the Board of Trustees.

The Chancellor is responsible for ensuring that the funds of the District that are not required for the immediate needs of the District are invested properly and in harmony with the requirements of the California Community Colleges Budget and Accounting Manual established pursuant to *Education Code* Section 84030. Investments shall be in accordance with law, including *Government Code* Sections 53600 which states:

"The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern."

Investments shall be made based on the following criteria:

1. **The preservation of principal shall be of primary importance.** Safety of principal shall be the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification is required so that potential losses on individual securities do not exceed income generated from the remainder of the portfolio.
2. **The investment program must remain sufficiently flexible to permit the District to meet all operating requirements.** The District's investment portfolio shall remain sufficiently liquid to meet all operating requirements, which may reasonably be anticipated.
3. **Transactions should be avoided that might impair public confidence.** Pursuant to *Government Code* Section 53646, District funds shall be invested with the judgment and care which persons of prudence, discretion, and intelligence exercise in management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.
4. **Return on Investment.** The District's investment portfolio shall be structured with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow characteristics of the portfolio.

References:

Education Code Sections 39315, 39317, 81345, 84030; Government Code Sections 50665 *et seq.*, 53387 *et seq.*, 53600 *et seq.*, 53635.2, 53464, 53651, 53820

End of Recommendation for BP 6320 Investments



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Review Process Notes:

All funds of the San Bernardino Community College District (SBCCD) deposited with the San Bernardino County Treasurer shall be invested in accordance with Government Code Section 27000.5, in accordance with Board Policy 6320, and under the direction of San Bernardino County's investment Advisory Committee.

Ethics and Conflict of Interest

Officers and employees of SBCCD involved in the investment process shall refrain from personal business activity that may conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Employees and investment officials who manage public investments shall file a statement of economic interest disclosing his or her investments, interests in real property and income in accordance with Government Code 87200.

Acceptable and Prohibited Investments

District funds may be invested in any of the following:

1. Any eligible security as set forth in sub-sections a, b, c, e, g, h, and n of Government Code Section 53651, namely:
 - a. United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest, including the guaranteed portions of small business administration loans, so long as the loans are obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.
 - b. Notes or bonds or any obligations of a local public agency, or any obligations of a public housing agency for which the faith and credit of the United States are pledged for the payment of principal and interest.
 - c. Bonds of California or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes or assessments to pay the principal and interest of the bonds upon all property within its boundaries subject to taxation or assessment by the local agency or district, and in addition, limited obligation bonds pursuant to Government Code Sections 50665 et seq.; senior obligation bonds pursuant to Government Code Sections 53387 et seq.; and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state, local agency or district, or by a department, board, agency, or authority thereof.
 - d. Registered warrants of California.
 - e. Notes, tax anticipation warrants, or other evidence of indebtedness issued pursuant to Government Code Sections 53820 et seq.
 - f. State of California notes.
 - g. Any bonds, notes, warrants, or other evidences of indebtedness of a nonprofit corporation issued to finance the construction of a school building pursuant to a lease or agreement with a school district entered into in compliance with the provisions of Education Code Sections 39315 or 81345, and also any bonds, notes, warrants, or other evidences of indebtedness issued to refinance those bonds, notes, warrants, or other evidences of indebtedness, as specified in Education Code Section 39317.
2. Local Agency Investment Fund with the Treasurer's Office of the State of California.
3. A financial institution that is insured by Federal Deposit Insurance Corporation pursuant to Government Code Section 53635.2.
4. San Bernardino County Treasurer's Office, whenever required by law.

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Authorized Personnel

The Chancellor, Executive Vice Chancellor, or designee shall request approval from the Board to invest surplus funds.

Both the Chancellor or designee and the Executive Vice Chancellor must jointly authorize investment decisions such as:

- Transfers of funds to the appropriate agency or financial institution for investment purposes,
- Asset allocation and rebalancing; and
- Liquidation of investments.

Safekeeping and Custody

All security transactions entered into by SBCCD shall be conducted on a delivery-versus-payment basis. Securities will be held by a third party custodian designated by the Chancellor and Executive Vice Chancellor and evidenced by safekeeping receipts with a written custodial agreement. The securities will be held directly in the name of the San Bernardino Community College District as beneficiary.

Recording and Reconciliation

Investment statements shall be provided to Fiscal Services for review, recording of investment activity, and reconciliation. Journal entries to record investment activity and the reconciliation of the investment statement shall be prepared by an accountant or designee, and approved by the Director of Fiscal Services or designee.

Reporting

The Chancellor, pursuant to Government Code Section 53646, shall submit a quarterly investment portfolio status report to the Board of Trustees. Said report shall detail:

- Investment types
- Names of issuers
- Maturity dates
- Par and dollar amounts invested in each security, investment, and money
- Weighted average maturity of investments
- Any funds being managed by contracted parties
- Market value as of date of report and source of valuation
- Description of compliance with investment policy
- Current market value of funds managed by a consultant

References:

Government Code Sections 53600 et seq., 87200

End of Recommendation for AP 6320 Investments