

ADMINISTRATIVE REGULATION

3102

SOUTH ORANGE COUNTY
COMMUNITY COLLEGE DISTRICT

BUSINESS

INVESTMENTS

The Chief Fiscal Officer is responsible for investing the funds of the District that are not required for the immediate needs of the District. Funds so invested shall follow the investment policy approved by the Board of Trustees in accordance with the Government Code Section 53600 et seq. and the following:

- Funds that are not required for the immediate needs of the District shall be prudently invested in order to earn a return on such investment.
- The preservation of principal is of primary importance. Each transaction shall seek to ensure that capital losses are avoided, whether from securities or erosion of market value.
- The investment program should remain sufficiently flexible to enable the District to meet all operating requirements that may be reasonably anticipated in any fund. After preservation of principal, liquidity is the objective.
- In managing District investments, District officials should avoid any transactions that might impair public confidence.
- Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived. (See Government Code Section 53600.6 regarding solvency and creditworthiness).

District funds maintained by the County Treasurer that are not required for the immediate needs of the District may be invested as follows:

- **County Treasurer's Investment Pool.** Investment of District funds may be delegated to the County Treasurer. In accordance with county procedures, District funds may be pooled with other local agencies and invested by the County Treasurer in accordance with the investment guidelines specified by Government Code 53635 and investment policies adopted by the County Board of Supervisors.
- **State Local Agency Investment Fund** (Government Code Sections 16429.1-16429.3). District funds not required for immediate needs of the District may be remitted to the State Local Agency Investment Fund (LAIF) for the purpose of investment (Government Code 16429.1). District funds deposited with the LAIF shall be invested by the State Treasurer in securities prescribed by Government Code 16430, or the Surplus Money

Investment Fund and as determined by the Local Investment advisory Board (Government Code 16429.2).

- **Other Investments.** Other investments as permitted by Government Code Section 53600 et seq., and in particular Government Code Sections 53601 and 53635,* may be made by the Chief Fiscal Officer subject to prior approval of the Board of Trustees.

The District shall not issue debt for the sole purpose of generating funds for investment. However, the District can issue debt for the purposes of meeting short term cash flow needs and to fund capital projects.

In order to provide operational funds during the first six months of a given fiscal year, the District may issue short term debt in the form of Tax Revenue Anticipation Notes (TRANS). Proceeds from this short term debt will be deposited with a trustee as provided by the trust agreement that is the normal requirement of said debt instrument. The same guideline is applicable when issuing long term debt such as Certificate of Participation (COPS) as it may be required from time to time for capital outlay purposes and if approved by the Board of Trustees.

**Government Code Sections 53601 and 53605 permit many very specific investments. Questions should be referred to financial advisors or counsel.*

Reference:

Government Code Section 53600 et seq.