

Angelina College
003501

APPROPRIATIONS AND REVENUE SOURCES:
INVESTMENTS – ENDOWMENT FUNDS

CAK
(LOCAL)

Angelina College ("Angelina College" or the "College") shall adopt rules governing the investment of College endowment funds and said rules shall clearly specify the scope of authority of officers and employees of the Board of Trustees that are designated to invest funds.

This policy will be reviewed and adopted by resolution at least annually.

Qualified brokers authorized to engage in investment transactions with the College shall be reviewed and adopted annually by the Board of Trustees.

INVESTMENT POLICY

The endowment funds investment policy shall provide guidelines for the management, investment, and expenditure of endowment funds of Angelina College so that available resources will be maximized. This policy is subject to provisions of the Uniform Prudent Management of Institutional Funds Act, Chapter 163 of the Property Code ("UPMIFA"). Angelina College is an "institution of higher education", as such term is defined in UPMIFA. As used herein, "endowment funds" shall have the same meaning given said term in UPMIFA.

STANDARD OF CARE

In the administration of the powers to appropriate appreciation, to make and retain investments, to develop and apply investment and spending policies, and to delegate investment management of institutional funds, the Board of Trustees shall exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the action or decision. The Board of Trustees shall consider both the long-term and short-term needs of the institution in carrying out its purposes, its present and anticipated financial requirements, the expected return on its investments, price level trends, and general economic conditions.

INVESTMENT OBJECTIVE

The Angelina College Endowment Funds Assets are held with the intent to provide earnings to support the scholarships or other donor purposes over the long-term. Accordingly, the primary investment objectives for its assets are to:

1. Preserve the real purchasing power of the principal, and
2. Provide a stable source of perpetual financial support to scholarships in accordance with the endowment spending policy.

In regards to the investment of College endowment funds, the performance objective is to meet or exceed the following indexes depending on the type of investment:

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- Equity Investments - S&P 500 index,
- Fixed Income Investments - Lehman Brothers Aggregate Bond Index, and
- Cash Equivalents - 30-day Treasury Bill Index

as measured for the year immediately preceding at December 31.

AUTHORIZED
INVESTMENTS

Authorized endowment investments shall include the following:

1. Cash equivalents: Treasury bills, money market funds, commercial paper, banker's acceptances, repurchase agreements, and certificates of deposit.
2. Fixed income: U.S. Government and agency securities, corporate notes and bonds, mortgage backed bonds, preferred stock, mutual funds that invest in securities allowed in this statement.
3. Equity securities: Common stocks, convertible notes and bonds, convertible preferred stocks, American depositary receipts of non-U.S. companies, and mutual funds that invest in securities allowed in this statement.

Prohibited endowment investments shall include the following:

Collateralized mortgage obligations, commodities and futures contracts, private placements, options, limited partnerships, venture-capital investments, and derivative securities.

ASSET ALLOCATION

The target asset allocation and permitted ranges for the endowment's assets are as follows;

	Target Allocation	Permitted Ranges
Cash Equivalents	5%	0% to 20%
Fixed Income Investments	50%	30% to 70%
Equity Investments	45%	25% to 55%
TOTAL	100%	

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The asset allocation will be reviewed semi-annually by the investment officer(s). Should the overall asset allocation fall outside the ranges established above, cash flows will be analyzed over the next quarter to determine if the portfolio can be re-balanced with contributions or disbursements. If this process fails to re-balance the portfolio, the investment officer(s) will instruct the authorized broker(s) to re-balance the asset allocation in accordance with the established guidelines. The investment officer(s) will report to the Board of Trustees on any such instruction to re-balance the asset allocation promptly after such instruction is given. In situations where mutual funds owned by the endowment in its portfolio invest in prohibited investments, the authorized broker should inform the College investment officer(s) prior to making an investment in the fund.

Understanding that risk is present in all types of securities and investment styles, the Board of Trustees recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Endowment Funds' objectives. However, the investment officer(s) authorized broker is to make reasonable efforts to control risk and ensure that the risk assumed is commensurate with the objectives.

The Board of Trustees may appropriate for expenditure, for the uses and purposes for which the endowment is established, the net appreciation, realized and unrealized, in the fair market value of the assets over the historic dollar value of the fund.

All gifts that are given with restrictions by the donor must be spent in accordance with those restrictions.

SPENDING
GUIDELINE

The long-term objective of the spending guidelines is to maintain the purchasing power of the endowment with the goal of providing a reasonable, predictable, stable, and sustainable level of income to support scholarship distributions. The designated annual spending rate is 5% as applied to a 36-month moving average of market value less current year contributions as measured at August 31 of each year.

The market price of acquired investments shall be monitored by the business office on a monthly basis.

INVESTMENT
OFFICER

The College's Vice President of Business Services or Controller shall serve as the investment officer of the College and invest the College's funds in authorized investments.

The investment officer shall possess the experience, training and capabilities necessary to perform requirements of the position, and shall comply with training requirements under the PFI.

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Any investment officer of the College who has a personal business relationship with an entity seeking to sell an investment to the College shall file a statement disclosing that personal business interest either at the time of employment with the College or immediately at such time as the personal business relationship with an entity doing business with the College shall arise. Any investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the College shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Board of Trustees of Angelina College.

A monthly investment summary report shall be prepared by the investment officer. A report shall be submitted at least quarterly to the Board of Trustees and the President of the College. The quarterly report shall:

1. Describe in detail the investment position of the College on the date of the report.
2. Be signed by each investment officer of the College.
3. Contain a summary statement of the endowment fund, prepared in compliance with generally accepted accounting principles, that states the:
 - a. beginning market value for the reporting period,
 - b. additions and changes to the market value during the period (including fully accrued interest for the reporting period), and
 - c. ending market value for the period.
4. State the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested.
5. State the maturity date of each separately invested asset that has a maturity date.

INVESTMENT
ADVISORS

The Board of Trustees may utilize investment advisors, in addition to the College's depository, to assist in the placement of College investments. A written copy of this investment policy shall be presented to any person acting as an investment advisor

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or seeking to sell to the College an authorized investment. The qualified representative of the business organization seeking to sell an authorized investment shall execute a written instrument substantially to the effect that the registered principal has:

1. Received and thoroughly reviewed the investment policy of the College.
2. Acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the College and the organization that are not authorized by the College's endowment investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the College's entire portfolio or requires an interpretation of subjective investment standards.

The investment officer may not buy any securities from a person who has not delivered to the College a signed certification form.

The investment advisor is responsible for making all investment decisions regarding the assets assigned to him/her. The investment advisor will comply with all applicable laws, rules and regulations, and with the terms of endowment investment policy as outlined herein.

ANNUAL AUDIT

In conjunction with the annual financial audit, the Board of Trustees will request a compliance audit of management controls on investments and adherence to the College's established endowment investment policy. Additionally, the independent auditor shall conduct a formal review of the quarterly reports and report the results to the Board of Trustees. The results of the compliance audit shall be reported to the State Auditor.

Angelina College ("Angelina College" or the "College") shall adopt rules governing the investment of college funds and said rules shall clearly specify the scope of authority of officers and employees of the Board of Trustees that are designated to invest funds.

This policy will be reviewed and adopted by resolution at least annually according to Government Code 2256.005 (e). Hereafter, Chapter 2256 of the Texas Government Code (Public Funds Investments) shall be referred to as the "PFI".

Qualified brokers authorized to engage in investment transactions with the College shall be reviewed and adopted annually by the Board of Trustees.

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INVESTMENT POLICY

The funds management and investment policy of Angelina College shall be to:

1. Assure the safety of the College's funds.
2. Maintain sufficient liquidity to provide adequate and timely working funds.
3. Attain a rate of return consistent with safety and liquidity considerations.
4. Match the maturity of investment instruments to the daily cash flow requirements.
5. Diversify investments as to maturity, instruments, and financial institutions as permitted under State law.
6. Actively pursue portfolio management techniques.
7. Avoid investment for speculation.
8. The dollar amount invested in any single investment should be sufficient to assure a ready resale market if liquidation is required.

AUTHORIZED
INVESTMENTS

Authorized investments shall comply with the PFI, and shall include the following:

1. Obligations of the United States or its agencies and instrumentalities.
2. Direct obligations of this state or its agencies and instrumentalities.
3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities. These obligations must be rated not less than A or its equivalent by at least one nationally recognized investment rating firm.
4. Corporate bonds, debentures, or similar debt obligations rated by Moody's Investors Service or Standard & Poor's Corporation in one of the two highest long-term rating categories, without regard to gradations within those categories. Section 2256.020(3)

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5. Properly collateralized or FDIC insured Certificates of Deposit, including Certificates of Deposit authorized under Section 2256.010(b).
6. Investment pools as approved by resolution of the Board of Trustees. The pools: (1) May only invest in obligations permitted by the PFI and approved by the Board of Trustees, (2) Must provide an offering circular containing information required by the Act, (3) Must provide investment transaction confirmations, (4) Must provide a monthly report containing information required by the Act, and (5) Must have an advisory board as specified by the Act. If the pool was created to function as a money market mutual fund, it must mark its portfolio to market daily and stabilize at a \$1.00 net asset value.
7. No load money market mutual funds, registered with and regulated by the Securities and Exchange Commission, with a dollar-weighted average stated maturity of 90 days or fewer, and having as an objective the maintenance of a stable net asset value of \$1.00/share. Amounts invested shall not exceed limitations as provided by the PFI. Prior to entering into an investment with such a fund, the fund must provide the College with a prospectus and other information required by federal law. The College may not own more than 10% of the total assets of a money market mutual fund described by this clause (g).
8. Other no load mutual funds registered with the Securities and Exchange Commission, with an average weighted maturity of less than two years, invested exclusively in obligations allowed under the PFI, and continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. The mutual funds must comply with information and reporting requirements for investment pools as described in the Act. Invested amounts must be limited to 15% of the College's monthly average fund balance, excluding bond proceeds, reserves, and debt service funds. Neither bond proceeds, reserves, nor debt service funds may be invested in mutual funds described by this clause (h). The College may not own more than 10% of the total assets of a mutual fund described by this clause (h).
9. Commercial paper which has a stated maturity of 270 days or fewer from the date of its issuance, and is rated not less than A-1 or P-1 or an equivalent rating by at least (A) two nationally recognized credit rating agencies, or (B) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank

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organized and existing under the laws of the United States or any state.

10. A fully collateralized repurchase agreement which has a defined termination date; is secured by obligations described in Section 2256.009(a)(1) of the PFI; requires the securities being purchased by Angelina College to be pledged to Angelina College, held in the College's name, and deposited at the time the investment is made with Angelina College or with a third party selected and approved by Angelina College; and is placed through a financial institution doing business in Texas.

The maximum allowable stated maturity of any individual investment, pool, or mutual fund owned by the College shall be as provided for in the PFI as enacted or as it may be amended from time to time. If no maximum allowable stated maturity is provided for a particular investment owned by the College, the maximum allowable stated maturity, or average dollar-weighted maturity if applicable, for such investment shall be for a term no greater than 10 years; provided, that in connection with the purchase of investments related to the refunding of bonds, the maturity of the investments escrow will be no greater than the term of the refunded bonds.

The market price of acquired investments shall be monitored on a monthly basis by comparing the cost basis of a sample of purchased securities as stated on each month end transaction detail with prices of the same investments through a nationally recognized financial source such as Bloomberg.com.

Investments must be settled on a delivery versus payment basis with the exception of investment pools and mutual funds.

INVESTMENT OFFICER

The College's Vice President of Business ^{Services} or Controller shall serve as the investment officer of the College and invest the College's funds in legally authorized and adequately secured investments in accordance with the PFI.

The investment officer shall possess the experience, training and capabilities necessary to perform requirements of the position, and shall comply with training requirements under the PFI.

Any investment officer of the College who has a personal business relationship with an entity seeking to sell an investment to the College shall file a statement disclosing that personal business interest either at the time of employment with the College or immediately at such time as the personal business relationship with an entity doing business with the College shall

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arise. Any investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the College shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Board of Trustees of Angelina College.

The investment officer is expected to display prudence in the selection of securities, as a way to eliminate default risk. No individual transaction shall be undertaken where there is uncertainty as to the maturity and/or rate of return of the investment.

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

1. Preservation and safety of principal.
2. Liquidity.
3. Yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

1. The investment of all funds, or funds under the College's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment.
2. Whether the investment decision was consistent with the written investment policy and investment strategy of the College.

A monthly investment summary report shall be prepared by the investment officer. A report shall be submitted at least quarterly to the Board of Trustees and the President of the College. The quarterly report shall:

1. Describe in detail the investment position of the College on the date of the report.
2. Be signed by each investment officer of the College.

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3. Contain a summary statement of each pooled fund group, prepared in compliance with generally accepted accounting principles, that states the:
 - a. beginning market value for the reporting period,
 - b. additions and changes to the market value during the period (including fully accrued interest for the reporting period), and
 - c. ending market value for the period.
4. State the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested.
5. State the maturity date of each separately invested asset that has a maturity date.
6. State the account or fund or pooled group fund in the College for which each individual investment was acquired.
7. State the compliance of the investment portfolio of the College as it relates to the investment policy and the PFI.

INVESTMENT
ADVISORS

In accordance with the PFI, Section 2256.005(k), a written copy of this investment policy shall be presented to any person acting as an investment advisor or seeking to sell to the College an authorized investment. The qualified representative of the business organization seeking to sell an authorized investment shall execute a written instrument substantially to the effect that the registered principal has:

1. Received and thoroughly reviewed the investment policy of the College.
2. Acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the College and the organization that are not authorized by the College's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the College's entire portfolio or requires an interpretation of subjective investment standards.

The investment officer may not buy any securities from a person who has not delivered to the College a signed certification form as provided in accordance with the PFI, Section 2256.005(l).

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The investment advisor is responsible for making all investment decisions regarding the assets assigned to him/her. The investment advisor will comply with all applicable laws, rules and regulations, and with the terms of investment policy as outline herein.

The Board of Trustees may utilize investment advisors, in addition to the College's depository, to assist in the placement of College investments.

Bids for Certificates of Deposit may be solicited by any combination of one or more of the following methods:

1. Oral bids;
2. Written bids; and
3. Electronic bids.

In conjunction with the annual financial audit, the Board of Trustees will request a compliance audit of management controls on investments and adherence to the College's established investment policies in accordance with the PFI, Section 2256.005(m). Additionally, the independent auditor shall conduct a formal review of the quarterly reports and report the results to the Board of Trustees. The results of the compliance audit shall be reported to the State Auditor.

INVESTMENT STRATEGIES Investment strategies for funds are as follows:

CURRENT FUNDS Current Funds include educational and general funds, auxiliary funds, and restricted funds. Current funds shall be invested with the primary objective of preservation and safety of principal. Certificates of Deposit are most appropriate for these funds to insure that maturing investments are available to meet current cash demands and are suitable for achieving the strategy's objective for investing Current Funds. A liquidity base should be established to provide for known short term disbursement requirements, and remaining maturities should be selected based on return offered.

LOAN FUNDS Loan Funds are intended to provide short term student loans for each semester. Loan Funds invested must mature to meet loan demands. Certificates of Deposit are most appropriate for these funds to insure that maturing investments are available to meet current cash demands, and are suitable for achieving the strategic objective for investing Loan Funds.

ENDOWMENT FUNDS Endowment Funds - See "Investment Policy - Endowment Funds."

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PLANT FUNDS

Plant Funds are utilized for new construction, as well as renewal and replacement of existing facilities. Plant Funds shall be invested with the primary objective of preservation and safety of principal. Certificates of Deposit are most appropriate for these funds to insure that maturing investments are available to meet current cash demands. Other short term instruments may be utilized to reduce market risk and generate superior returns. These types of investments are suitable for achieving the strategic objective for investing Plant Funds.

DEBT SERVICE
FUNDS

Angelina College shall maintain as its primary objective, the safety of principal with regard to all monies collected or allocated for debt service. Secondly, Angelina College will seek to maximize the return on such funds while insuring sufficient funds are available for timely payment of its debt obligations. In order to accomplish this, Angelina College will invest such funds in amounts and maturity dates that most likely will meet the debt service requirements of the College. Investment of moneys collected or allocated for debt service also shall be subject to covenants contained in the financing documents approved by the Board of Trustees authorizing the issuance of obligations for which debt service shall be due and owing. The investments selected for Debt Service Funds shall be suitable for achieving this strategic objective.

DEBT SERVICE
RESERVE FUND

Investments of the debt service reserve fund shall have as their primary objective the ability to generate revenue while maintaining a low degree of price volatility. Except as may be required by the financing documents specific to an individual bond issue, securities should be of high quality, with short to intermediate term maturities. A laddering strategy may be used to insure availability of funds with minimum sacrifice of yield and is suitable to achieving the strategic objective for investing debt service reserve funds.

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CERTIFICATION

In compliance with the Texas Government Code (Public Funds Investment Act) Sec. 2256.005 (k) - (l), Phillip Friesen ("Broker/Financial Institution Representative") acknowledges that the qualified representative and all sales personnel conducting investments transactions with Angelina College ("AC") have received and have thoroughly reviewed the AC Endowment Investment Policy. Broker/Financial Institution Representative acknowledges that Broker/Financial Institution Representative has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the college and the organization that are not authorized by the college's endowment investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the college's entire portfolio or requires an interpretation of subjective investment standards.

RBC Wealth Management+
(Firm)

Phillip Friesen
(Signature of Registered Principal)

Phillip Friesen
(Name)

Managing Director
(Title)

08/16/17
(Date)

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