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**Board Policy**  
Chapter 6 – Business & Fiscal Affairs

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**BP 6320 INVESTMENTS****References:**

Government Code Sections 53600 et seq.

District invests surplus monies not required for immediate necessities, available in all District funds, in a manner which will provide the maximum security of principal invested with secondary emphasis on achieving the highest yield while meeting the daily cash flow needs of the District and conforming to all applicable State and County statutes governing the investment of public funds.

The Superintendent-President is responsible for ensuring that the funds of the District are invested that are not required for the immediate needs of the District. Investments shall be in accordance with law, including Government Code Sections 53600 et seq.

Investments shall be made based on the following criteria:

- The preservation of principal shall be of primary importance.
- The investment program must remain sufficiently flexible to permit the District to meet all operating requirements.
- Transactions should be avoided that might impair public confidence.

**Objectives:** The primary objectives, in priority order, of the District's investment activities shall be:

- A. Safety of Principal:** Safety of principal is the foremost objective of the District. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio.
- B. Liquidity:** Liquidity is the second most important objective of the District. The District's investments will be sufficiently liquid to enable it to meet all operating requirements that might be reasonably anticipated. "Liquidity" refers to the ability to sell at any given moment with a minimal chance of losing some portion of principal or interest.
- C. Yield:** Yield is the third most important objective of the District. The District's investments shall be designed to attain a short-term current market rate of return throughout budgetary and economic cycles.

**Delegation of Authority:** The Board of Trustees of the District is responsible for

establishing the investment policy and ensuring investments are made in compliance with this policy. The Board of Trustees delegates investment authority to the Superintendent-President or designee. Subject to review, this delegation may be renewed pursuant to this policy each year. The Superintendent-President is ultimately responsible for compliance with the policy. The District may employ the services of one or more registered investment advisors for implementing this policy.

**Prudence:** The standard of prudence to be used in the investment function shall be the “prudent investor” standard and shall be applied in the context of managing the overall portfolio. This standard states “investment shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of capital as well as the expected income to be derived.”

**Ethics and Conflicts of Interest:** Trustees, employees and investment officials 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. Trustees, employees and investment officials shall disclose any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment position that could be related to the performance of the District’s portfolio.

Also see AP 6320 Investments

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**Adopted:** June 23, 2009  
**Revised:** **March 23, 2022**

*(Replaces former LBCC BP 6011)*