

POLICY UPDATE

September 18, 2009

This week the Alamo Colleges Board of Trustees took the following policy actions:

(1) REVISED Policy D.2.4 - Nepotism, Conflicts of Interest

Goods and services procured through the formal competitive procurement process are now exempt from the prohibition against employees' immediate families doing business with the Alamo Colleges. Also, in accordance with current purchasing Procedure C.1.5.1, employees are prohibited from participating in vendor/service provider selection when their participation would present a conflict of interest.

The revised portion of this policy reads:

*The following shall not provide or seek to provide services to the College District for compensation outside the scope of College District employment or supplemental service assignments (see [D.2.5.1](#)) or act or seek to act as a vendor to the College District, **unless the goods or services are procured through formal competitive procurement process**:*

- a. Members of a College District employee's immediate family (spouse, parent, son, daughter, brother or sister);*
- b. Persons living in the same household as a College District employee; or*
- c. A business entity in which a College District employee or any person under (a) or (b) above owns 10% or more of the voting stock, shares, or fair market value of the business entity, or \$15,000 or more of the fair market value of the business entity.*

No College District employee shall participate in the selection of goods or services if the employee, a member of the employee's immediate family, or anyone living in the same household as the employee:

- 1. is seeking to provide the goods or services;*
- 2. owns 10% or more of the voting stock, shares, or fair market value, or \$15,000 of the fair market value of;*
- 3. is an employee, partner, officer, director, trustee, or consultant for;*
- 4. is eligible to receive support for travel, or has received honoraria from;*
- 5. was involved in establishing or incorporating; or*
- 6. has a right to receive royalties from*

an entity that submits a bid or proposal or otherwise seeks to provide goods or services to the College District.

It is the employee's responsibility to disclose all such relationships to the College District prior to the beginning of the selection process. Failure to disclose such relationships described above may result in disciplinary action against the employee and termination of any contract or other relationship with the College District involving persons or entities described above.

If you have questions about the formal competitive procurement process, contact the contact the Acquisitions department.

The revised policy is available on the Alamo Colleges online policy website:

<http://www.alamo.edu/district/ethics/searchfiles/C.1.7%20Policy.pdf>

Procedure C.1.5.1 is also updated consistent with the changes to Policy D.2.4 above:

<http://www.alamo.edu/district/ethics/searchfiles/C.1.5..1%20Procedure.pdf>

(2) REVISED Policy C.1.7 - Investments

Major updates were made to this policy (see attached list for details on the key changes).

The revised policy is available at the Alamo Colleges online policy website:

If you have questions or need more details, contact the Finance and Fiscal Services department.

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Restructured document, streamlined, eliminated redundancy. The flow of the document follows:

- General preamble, identifying funds governed by policy
- Management through delegation of authority and by external management
- Standards of care: training of responsible parties, internal controls
- Investment strategies for each type of fund
- Authorized Investments for each type of fund- each fund type builds on previous authorities
- Administrative issues: broker/dealers, safekeeping, collateralization, monitoring
- Reporting
- Policy review

Significant changes from prior policy:

- States if there is a discrepancy between the policy and the Public Funds Investment Act, the Act will prevail
- States that Board retains ultimate fiduciary responsibilities for the assets
- Changes legal reference for endowments and funds acting as endowments, not covered by the PFIA
- States that investments are purchased with intent to hold, not to speculate
- Highlights pooled asset strategy to assist in diversification
- Separate section for external management, including minimum criteria
- Expands internal control section. Clarifies investment strategies for different types of funds
- More clearly outlines duties of the investment consultant for endowments/funds acting like endowments
- Removes performance target for endowment of matching or exceeding growth of S&P 500 Index
- Notes that for debt/construction funds, investments are governed by bond covenants
- Specifies actions for non-compliance and downgraded assets
- Details reporting requirements

Changes to Authorized Investments- Operating Funds

- Added Letters of Credit (obligations of the United States)
- Added FDIC-insured Share Certificates
- Deleted Collateralized Mortgage Obligations (CMOs)
- Deleted corporate bonds
- Deleted tax-exempt funds
- Deleted negotiable CDs
- Deleted Reverse Repurchase Agreements
- Included criteria for Banker's Acceptances
- Tightened criteria for Commercial Paper (two ratings or single rating with LOC)
- Removed section on unauthorized investments (if not authorized, assumed to be unauthorized)

Changes to Authorized Investments- Debt Service

- Added GICs
- Added Flex Repos

Changes to Authorized Investments- Endowments

- Specified target ranges to be +/- 5%
- Deleted mortgages and assets backs, CMOs
- Deleted foreign bonds
- Deleted mutual funds and ETFs
- Deleted options
- Deleted alternative investments
- Tighten bond requirements (two ratings)
- Removed section on unauthorized investments (if not authorized, assumed to be unauthorized)