

RESOLUTION ON

ANNUAL REVIEW OF INVESTMENT POLICY AND STRATEGIES

Whereas, Sec. 2256.005 (e) of the Texas Public Funds Investment Act states:

“The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.”

Be it resolved that the Board has reviewed its investment policies and investment strategies as approved under “G-11, Investments” in the Austin Community College Board Policy Manual, and that said policy and investment strategy will continue in force with the following changes.

Section IV. B. 1. d. Portfolio Diversification (page 12)

Add “State or municipal obligations” at 25%

Limit on state or municipal obligations was missing.

Raise U.S. Agency limit from 60% to 80%

Agencies are being explicitly supported by the U.S. Treasury, including their senior debt, subordinated debt and mortgage-backed securities. They are rated AAA and have remained so throughout the current credit crisis. And, with Treasury yields so low they represent one of the best investment opportunities in the marketplace. Spread on agencies over Treasuries are at historically wide and attractive levels.

Raise Commercial Paper limit from 15% to 30%

With regard to commercial paper, short-term Treasuries and agency yields have fallen sharply. Short-term, high quality CP represents a safe way to enhance yield. Furthermore, the FDIC is in the process of implementing a guarantee of all newly issued debt (including CP) of banks, bank holding companies and certain finance companies. This will make CP an even safer investment with its explicit FDIC guarantee. This program is slated to begin 12/5/08 and continue through 6/30/09, so this part of the opportunity may be temporary. Longer-term, CP has been a safe, reliable way to enhance yield.

Page 13: add “certificates of deposit” and “state or municipal obligations” into “its commercial paper, corporate debt and bankers’ acceptance exposure with a single issuer”

Technical correction.

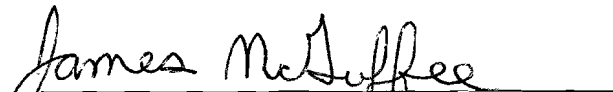
Section IV. B. 1. 3. (1) Limiting Maturity General Funds (page 14)

Add a sentence: The maximum maturity of any individual investment shall not exceed 5 years without prior approval from a college Investment Officer, CFO, Executive Vice President, Finance and Administration or the VP, Finance & Budget.



Nan McRaven, Board Chair

Attest:



Dr. James McGuffee, Board Secretary