

INVESTMENT POLICY

I. Policy Section

11.0 Business Functions

II. Policy Subsection

11.8

III. Date of most recent changes

March 25, 2003

IV. Policy Statement

The Executive Vice President for Business and Financial Services, or designee, shall be responsible for the investment of available funds. Such investments will include all funds of the College. All investments will be in compliance with the State of Michigan regulations for Community College investments as contained in Section 389-142 of the Michigan Compiled Laws.

V. Reason for Policy

This policy has been developed to ensure compliance with Michigan Compiled Law and provide guidance to staff to ensure that the College's exposure to loss from investments is minimized.

VI. Entities Affected by This Policy

Financial institutions, brokers and similar institutions that desire to do investment business with the College.

VII. Who Should Read This Policy

Financial Services staff involved in recommendations or decision-making about the investment opportunities of the College and other College staff interested in the College's budget and financial operation.

VIII. Related Documents

Michigan Compiled Laws, Section 389-142 (Attached)

IX. Contacts

Executive Vice President for Business and Financial Services
Executive Director of Financial Services

X. Definitions

Investments: Generally short-term purchases of certain types of instruments that are relatively low risk and generate interest income for the College. Amounts are generally greater than \$100,000.

XI. Procedures

1. The Executive Director of Financial Services or designee shall conduct all investment transactions through authorized letters of transmittal or through telephone or electronic communication as authorized.
2. Investments in any one institution shall not exceed an upper limit of 5% of the net worth of that institution except if (1) the investment is approved by the President and Executive Vice President of Financial Services and (2) the length of the “over the top” investment does not exceed 120 days.
3. The investments in a single issuer of a commercial paper shall not exceed \$5,000,000.
4. Money in the funds of the College shall not be commingled for the purposes of making investments. All earnings on an investment shall become part of the fund for which the investment was made.
5. Whenever possible, banks used as depositories should have branch operations in Kent County. Exceptions may be made with the approval of the Executive Vice President of Business and Financial Services when it is in the best interest of the College because of diversification of portfolio or interest rates available.
6. Broker-dealers shall be registered members of Securities and Exchange Commission whose accounts are insured by the Securities Investor Protection Corporation (SIPC) or other appropriate insurer.
7. Annually, the Executive Director of Financial Services will provide to the Board of Trustees a schedule of financial institutions and broker-dealers that are approved for handling investment transactions.
8. Annually, the Executive Director of Financial Services will provide current policies and guidelines to participating financial institutions and broker-dealers.
9. Prior to purchasing and investment of \$1,400,000 or greater, at least three quotes must be obtained and logged. Selection of the investment purchased will be at the discretion of the Executive Director of Financial Services. Generally, the highest interest rate will be accepted. Exceptions to this selection criterion would be because of diversification of portfolio or limits specified above.
10. Investment transactions or other wire activity of the College in excess of \$2,000,000 require the written approval of the Executive Vice President of Business and Financial Services.
11. As part of the annual audit, the external auditing firm will confirm all investments held by the College.

XII. Forms

None

COMMUNITY COLLEGE ACT OF 1966

389.142. Investment of funds; restrictions, commingling, earnings, eligible depository of surplus funds

Section 142.

1. The treasurer of a community college district, if authorized by resolution of the board of trustees, may invest debt retirement funds, building and site funds, building and site sinking funds, or general funds of the district as provided in subsection (3). The investment shall be restricted to the following:
 - a. Bonds, bills, or notes of the United States, or of an agency or instrumentality of the United States, or obligations of this state.
 - b. Negotiable certificates of deposit, saving accounts, or other interest-bearing deposit accounts of a financial institution. As used in this subdivision, "financial institution" means a bank that is a member of the federal deposit insurance corporation, a savings and loan association that is a member of the federal savings and loan insurance corporation, or a credit union whose deposits are insured by the national credit union administration.
 - c. Bankers' acceptances that are issued by a bank that is a member of the federal deposit insurance corporation.
 - d. Commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the federal deposit insurance corporation.
 - e. Commercial paper of corporations located in this state rated prime by at least one (1) of the standard rating services.
 - f. Mutual funds, trusts, or investment pools composed entirely of instruments that are eligible collateral.
 - g. Repurchase agreements against eligible collateral, the market value of which must be maintained during the life of the agreements at levels equal to or greater than the amounts advanced. An undivided interest in the instruments pledged for these agreements must be granted to the community college.
2. Money in the funds of a community college district shall be commingled for the purpose of making an investment authorized by this section, and all earnings on an investment shall become a part of the funds for which the investment was made.
3. Notwithstanding subsection (1), additional funds of a community college district shall not be invested or deposited in a bank, savings and loan association, or credit union which is not eligible to be a depository of surplus funds belonging to this state under section 5 or 6 of Act No. 105 of the Public Acts of 1855, being sections 21.145 and 21.146 of the Michigan Compiled Laws.

4. As used in this section, “eligible collateral” means all securities which otherwise would qualify for outright purchase under this act.