

### I. Purpose

To ensure all College investments conform to State statutes governing the investment of public funds. The following objectives shall serve as a guideline for managing and investing the funds of the College.

1. The primary objective is the preservation of capital and the protection of investment principal.
2. The College shall design the investment portfolio to comply with state statutes.
3. The College shall strive to attain the best average rate of return balanced against investment risks.
4. The College shall make investments to assure that funds are available through cash flow projections and maintenance of adequate liquidity.

### II. Scope

This policy applies to all investments made with College funds.

### III. General

#### A. Safety of Principal

The College shall undertake investment transactions in a manner to ensure the preservation of capital in the overall portfolio. The objective shall be to minimize both credit risk and interest rate risk:

1. Credit Risk is Custodial Credit Risk and Concentration Credit Risk. Custodial Credit Risk is the risk of loss due to the failure of the security issuer or backer. The College shall minimize Custodial Credit Risk by, limiting investments to the types of securities listed in Section III, B of this Investment Policy. The College shall pre-qualify the financial institutions, broker/dealers, intermediaries, and advisors with which the College does business in accordance with Section III, C of this Investment Policy. The concentration of Credit Risk is the risk of loss attributed to the magnitude of the College's investment in a single issuer. The College shall minimize the Concentration of Credit Risk, by appropriately diversifying the investment portfolio to minimize the impact of potential losses from any one type of security or issuer.
2. Interest Rate Risk is the risk that the market value of securities in the portfolio shall fall due to changes in market interest rates. The College shall minimize Interest Rate Risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market. The College shall primarily invest operating funds in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools that limit the average investment maturities to help ensure the College meets its cash requirements
3. Foreign Currency Risk State statute does not authorize the College to invest in investments that have this type of risk.

## B. Allowable Investments

The Chief Financial Officer may invest proceeds from debt retirement funds, building and site funds, building and site sinking funds, and general operating funds. The College directs the Chief Financial Officer through the College's Accounting Department to execute investments restricted to those allowable under 331 PA 1966, being MCL 389.142, as amended.

## C. Authorized Financial Dealers and Institutions

The Accounting Department shall maintain a list of dealers and financial institutions authorized by the Chief Financial Officer. The Accounting Office shall annually review the listed institutions based on rating agency reports and recommend appropriate changes to the Chief Financial Officer.

## D. Diversification and Maturity Limitation

Diversification strategies shall be established and periodically reviewed with respect to the following:

1. Specific maturities
2. Specific issuer
3. Specific class of securities

## IV. Responsibility

The responsibility for the interpretation and administration of this policy is delegated to the Chief Financial Officer or designee.

Adopted: 3/18/2002 (original: Investment)  
Revised: 5/14/2005 (renamed: College Investment)  
Revised: 6/15/2009, 9/17/18, 9/20/2021