INVESTMENT POLICY

I. Policy Section

11.0 Business Functions

II. Policy Subsection

11.8 Investment

III. Policy Statement

The Vice President for Finance and Administration, 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 MCL 389.142.

IV. Reason for Policy

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

V. Entities Affected by This Policy

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

VI. 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.

VII. Related Documents

MCL 389.142

VIII. Contacts

Policy Owner: Vice President for Finance and Administration

Director of Budget and Business Services

IX. 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.

X. Procedures

A. The Director of Budget and Business Services, or designee, shall conduct all investment transactions through authorized letters of transmittal or through telephone or electronic communication as authorized.

B. The College may contract a qualified external entity to manage its investments. In this case, the entity will agree to follow all related College policies.

C. Investments in any one institution shall not exceed an upper limit of 5% of the net worth of that institution unless (1) the investment is approved by the President and Vice President of Finance and Administration and (2) the length of the "over the top" investment does not exceed 120 days.

D. The investments in a single issuer of a commercial paper shall not exceed $5,000,000.

E. Whenever possible, banks used as depositories shall have branch operations in Kent County. Exceptions may be made when it is in the best interest of the College because of diversification of portfolio or interest rates available.

F. 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.

G. Annually, the Director of Budget and Business Services will provide to the Board of Trustees a schedule of any new financial institutions and broker-dealers that are approved for handling investment transactions.

H. The Director of Budget and Business Services will provide current policies and guidelines to participating financial institutions and broker-dealers.

I. Selection of investments purchased will be at the discretion of the Director of Budget and Business 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.

J. The Vice President of Finance and Administration will review investments monthly before presentation to the Board of Trustees. As part of the annual audit, the external auditing firm will confirm all investments held by the College.

XI. Forms

N/A

XII. Effective date

February 22, 2011

XIII. Policy History

A. Revisions of February, 2011
   1. Updates to employee titles
   2. Revisions to ensure consistency with legislated changes to the investment statute for Michigan community colleges, effective December of 2009.
   3. Enhanced flexibility necessary in the current investment environment, to:
      a. Allow the use of financial institutions outside Kent County
      b. Eliminate the requirement to obtain a minimum number of quotes for all investment purchases
      c. Allow investment amounts to be based on payroll requirements, available rates and the security of principal

B. Revisions of April 4, 2014: Eliminate requirement for written approval from the Vice President of Finance and Administration for other wire activity in excess of $4,000,000.

C. No revisions April, 2018

D. Revisions April, 2022

E. Revisions June, 2026

XIV. Next Review/Revision Date

June, 2030