I. Purpose

All College investments must conform to State statutes governing investment of public funds. The following objectives will 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 investment portfolio will be designed to attain the best average rate of return while avoiding undue market risks and taking into account cash flow characteristics of the portfolio. The College will strive to control risks by diversifying its investments in different security types and by investing with more than one financial institution. (3) Investments shall be made to assure that funds are available as required through cash flow projections, and maintenance of an adequate liquidity.

II. Scope

The Board of Trustees, Executive Leadership, and College Financial Staff.

III. General

A. Safety of Principal

The foremost objective of this investment program is the safety of the principal of funds. Investment transactions shall be undertaken in a manner to ensure the preservation of capital in the overall portfolio. The objective will be to minimize credit risk and interest rate risk:

1. Credit Risk (Custodial Credit Risk and Concentration Credit Risk) The College will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in Section III, B of this Investment Policy; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the College will do business in accordance with Section III, C of this Investment Policy. The College will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the College's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

2. Investment Rate Risk—Lansing Community College will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, 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; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the College's cash requirements

3. Foreign Currency Risk--The College is not authorized to invest in investments which have this type of risk.

B. Allowable Investments

The Chief Financial Officer is delegated the authority to invest College funds. The College directs that investments are to be made by the Chief Financial Officer and Finance through the College's Accounting Department and include the investment of debt retirement funds, building and site funds, building and site sinking funds, and general operating funds. The investments shall be restricted to the following:

1. Bonds, bills or notes of the United States (or of an agency or instrumentality of the United States) or obligations of this state.
2. Negotiable certificates of deposit, savings accounts, or other interest earning 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 (FDIC), a savings and loan association that is a member of the Federal Savings and Loan Insurance Corporation (FSLIC), or a credit union whose deposits are insured by the National Credit Union Administration that have their principal office or a branch office in Michigan and which otherwise meets the requirement imposed by law.
3. Bankers' acceptances that are issued by a bank that is a member of the Federal Deposit Insurance Corporation.
4. 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.
5. Commercial paper of corporation rated prime by at least one of the standard rating services.
6. Mutual funds, trusts or investment pools composed entirely of instruments that are eligible collateral.
7. Repurchase agreements against eligible collateral of the type specified in subsection (1) hereof; 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 college and the securities held by an independent custodial bank for the college without any right of set off. The repurchase agreement may allow for the substitution of collateral but shall not otherwise allow for the pledging or transfer of such collateral.

8. Investment pools, as authorized by the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed entirely of instruments that are legal for direct investment by a community college.

C. Authorized Financial Dealers and Institutions

- A list of dealers and financial institutions authorized by the Chief Financial Officer should be maintained. Institutions on this list should be reviewed annually based on rating agency reports.

- All financial institutions that desire to become qualified bidders for investment transactions must supply the College with the following:

  1. Audited financial statements
  2. Statements for the most recent fiscal year.
  3. Certification that they have read the College's investment policy and the pertinent state statutes.
  4. Proof of National Association of Security Dealers' certification.
  5. Proof of State registration, where applicable.

D. Diversification and Maturity Limitation

- Diversification strategies should be established and periodically reviewed with respect to the following:
  1. Specific maturities
  2. Specific issuer
  3. Specific class of securities

- Unless specifically authorized by the Chief Financial Officer, the Controller may not invest more than 35% of the portfolio for a period greater than 3 years.
- Unless specifically authorized by the Chief Financial Officer, the Controller may not invest any portion of the portfolio for a period greater than 10 years.

- No more than $10,000,000 shall be invested in any of the following:

1. The certificates of deposit, savings accounts, or share certificates of any one financial institution.
2. The bankers' acceptances of any one bank.
3. The commercial paper of any one issuer.

- Investments in commercial paper rated prime 1, certificates of deposit, savings accounts, share certificates, or bankers' acceptances may not exceed 5% of the issuer's net worth at the time of purchase by the College.

- Investments in commercial paper rated prime 2 may not exceed 3% of the issuer's net worth at the time of purchase by the College.

- The investment officer will attempt to match investments with anticipated cash flow requirements to prevent the need to sell securities before maturation.

- All earnings on an investment shall be allocated proportionally to the funds from which the investment was made.

IV. Responsibility

The Chief Financial Officer is responsible for implementing procedures related to this policy.

Revised: May 14, 2005, Amended June 15, 2009