

EASTERN MICHIGAN UNIVERSITY

Business and Finance Division Investment Committee Procedures

Purpose

To outline the roles and responsibilities for the members of the Eastern Michigan University Investment Committee and to provide guidelines for the implementation of the Board of Regents Investment Policy, Chapter 11.1.2.

Scope

The Investment Committee will be chaired by the Eastern Michigan University Chief Financial Officer (CFO). The Committee will be composed of a minimum of five members selected by the CFO. One selection will include the Treasurer to the Board of Regents, if different than the CFO. They shall serve one-year terms, subject to reappointment. The University Investment Advisor will also be an ad hoc member of the Committee without voting rights.

Roles and Responsibilities

The Committee shall meet at least quarterly to review and provide oversight for the investments of the University. There are three primary responsibilities for Committee members:

1. Review and evaluate the performance of the portfolios.
2. Make recommendations for the CFO and Investment Advisor to implement.
3. Provide assurance that the investment of University funds is consistent with and in compliance with the University investment policy.

Voting

The decisions made by the Committee shall be made by majority vote of the members in attendance at a meeting. In the event of a tie vote, the vote of the CFO shall control. The CFO has the responsibility to ensure that decisions made by the Investment Committee are implemented on a timely basis. A majority of the Committee members at a meeting shall constitute a quorum. No voting is possible unless a quorum is present.

Ethics Disclosure and Conflicts of Interest

Committee members have the ethical responsibility to follow the University investment policy. Any situation involving a Committee member or his/her family that could reasonably be considered a conflict of interest must be disclosed to the Investment Committee as soon as the potential conflict arises or can be anticipated. Under no circumstances shall the Investment Committee member vote on an Investment Committee matter in which he/she has a known or possible conflict of interest. Committee members will sign the University's conflict of interest statement annually.

Agendas and Meeting Minutes

An agenda shall be prepared for each scheduled meeting of the Committee. The agenda shall set forth those items upon which the Committee anticipates taking action and/or discussing. A copy of the minutes detailing records of deliberations and decisions shall be maintained in the office of the CFO. Minutes will be approved at the meeting following the meeting of record.

Investment Advisor

The Investment Advisor will assist the Committee with the general daily activities and administration of the University's portfolio. The Advisor will prepare an investment analysis and report for every Committee meeting. The report will include the results for the total portfolio performance and assessments of each investment manager

EASTERN MICHIGAN UNIVERSITY

Business and Finance Division Investment Committee Procedures

compared to appropriate market indices. The Advisor may provide recommendations for the Committee to consider.

Investment Objectives

The University portfolio shall be divided into three pools: short-term, intermediate-term and long-term. The primary investment objective of the short-term pool will be to provide for the preservation of capital and liquidity with a secondary emphasis on maximization of investment income without undue exposure to risk. Funds needed for normal University operations within the next year are considered short-term.

The primary investment objectives of the intermediate-term pool will be to provide for the preservation of capital and maximization of income without undue exposure to risk. Funds needed for University operations within one to three years are considered intermediate-term.

The primary objectives of the long-term pool will be to provide for long-term growth of principal and interest without undue exposure to risk. Funds not needed for University operations for three years or more are considered long-term.

The Investment Committee may make recommendations to move funds from one pool to another.