1. POLICY STATEMENT/REASON FOR POLICY

The purpose of this policy is to implement a set of general policies which the Board of Regents of Bay Mills Community College considers appropriate for the GENERAL FUND INVESTMENT POOL, and which provides direction and guidance to Bay Mills Community College’s investment manager(s).

2. ENTITIES AFFECTED BY THIS POLICY

Bay Mills Community College funds.

3. WHO SHOULD READ THIS POLICY

Administrators.

4. WEB SITE ADDRESS FOR THIS POLICY

-This policy can be found at:
  http://www.bmcc.edu/about-bmcc/governance-administration/college-policies

5. FORMS/INSTRUCTIONS

No forms required.

6. HISTORY

-Amended: April 26, 2013
-Next Review Date: April 26, 2019
-BMCC reserves the right to revise policies at any time.
7. THE POLICY

BAY MILLS COMMUNITY COLLEGE
GENERAL FUND INVESTMENT POOL
INVESTMENT POLICY

I. Purpose. The purpose of this policy statement is to implement a set of general policies which the Board of Regents of Bay Mills Community College considers appropriate for the GENERAL FUND INVESTMENT POOL, and which provides direction and guidance to Bay Mills Community College's investment manager(s).

II. General Goal. The primary goal of the GENERAL FUND INVESTMENT POOL is to provide maintenance and growth of the funds to support operations of the College. Bay Mills Community College recognizes that moderate risk, primarily in the form of short term principal volatility, is necessary to achieve long-term capital appreciation and maintain purchasing power.

III. Investment Objectives

A. To invest the assets for the sole interest and benefit of the Bay Mills Community College.

B. Investment objectives are primarily oriented toward the long-term capital appreciation and the maintenance of purchasing power of the assets.
   1. Achieve long-term investment results that meet or exceed an appropriate blended market index representative of the investment strategies utilized.
   2. Investment performance will be judged primarily on a 3 to 5 year time frame over the course of a market cycle.

C. The Fund shall be diversified so as to minimize the annual volatility of returns consistent with the pursuit of higher long-term returns.

IV. Asset Allocation

A. Diversification is a key factor in asset allocation. As a result, the asset allocation process is strategic in nature and the primary factor in performance variability over time.

The asset allocation targets and ranges stated below have been established in an effort to achieve the investment objectives noted previously.

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Equity</td>
<td>35%</td>
<td>20-50%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>65%</td>
<td>50-80%</td>
</tr>
<tr>
<td>Cash</td>
<td>0%</td>
<td>0-20%</td>
</tr>
</tbody>
</table>

The investment manager, within the above ranges, will make tactical asset allocation decisions (over- and under-weights) based on their view of market conditions and their outlook in order to pursue the investment objectives stated herein. Any deviation beyond these ranges must have prior approval by the Board of Regents, or their designated Agent.

B. Equity Guidelines

In recognition of the expected returns and volatility provided by different segments of the equity market, the equity assets will be invested in the following ranges (values shown as a percentage of overall assets held within the portfolio):
<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>Range</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap Domestic Equity</td>
<td>23%</td>
<td>20-35%</td>
<td>SP 500</td>
</tr>
<tr>
<td>Small Cap Domestic Equity</td>
<td>5%</td>
<td>0-10%</td>
<td>Russell 2000</td>
</tr>
<tr>
<td>International Equity</td>
<td>7%</td>
<td>0-10%</td>
<td>MSCI EAFE</td>
</tr>
</tbody>
</table>

The equity assets will be managed in accordance with the following:

1. The equity investment in any single company should not exceed 7% of the total equity assets. Investment in mutual funds and exchange traded funds (ETFs) would not be subject to this limit.

2. The equity component of the portfolio may be comprised of individual equity selections. Additionally, the investment manager may invest in mutual funds, ETFs, common trust funds or similar equity fund designated to achieve the long term goals stated herein.

C. Fixed Income Guidelines

In an effort to provide diversification and necessary liquidity for the overall portfolio, the fixed income and cash equivalent assets will be managed in accordance with the following:

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>Range</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income</td>
<td>65%</td>
<td>50-80%</td>
<td>Barclay's Intermediate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Government/Credit Index</td>
</tr>
<tr>
<td>Cash</td>
<td>0%</td>
<td>0-20%</td>
<td>90 day Treasury Bill</td>
</tr>
</tbody>
</table>

Fixed income assets will be managed in accordance with the following:

1. Direct investment in individual fixed income securities are limited to those considered investment grade at the time of purchase. Investment grade shall be defined as those securities rated by Standard & Poor’s to be BBB or better, or Moody’s as Baa or better, or an equivalent rating by a nationally recognized rating agency.

2. Permissible securities include U.S. Treasuries, U.S. Government Agencies, corporate bonds, mortgage-backed securities (MBS), and asset-backed securities (ABS).

3. The overall fixed income portfolio shall maintain a weighted average Standard and Poor’s quality rating of AA or better.

4. Fixed Income mutual funds and/or exchange traded funds (ETFs) may be used to further enhance diversification, provide better coverage of the yield curve, and/or improve liquidity.

5. With the exception of obligations of the U.S. Government, its agencies, mutual funds or ETFs, no purchase should be made which would cause the holdings of any one issuer to exceed 5% of the assets under management.

D. Prohibited Investments

The following types of investments may not be purchased without the prior approval of the Board of Regents:

1. Private Placements
2. Letter Stock
3. Direct Real Estate Investments where a subscription may be required
4. Short-sales or margin transactions
5. Hedge Funds and/or Private Equity strategies
6. Structured Notes
V. Performance Measurement

The following standard of performance shall be utilized to determine achievement of the GENERAL FUND INVESTMENT POOL under this Policy.

Performance will be evaluated in comparison to a blended market index representative of the investment strategies employed by the GENERAL FUND INVESTMENT POOL. In alignment with the allocation targets stated herein, the blended market index shall consist of the following market indexes to each its respective weight:

<table>
<thead>
<tr>
<th>Index</th>
<th>Weight</th>
<th>Representative Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>S &amp; P 500 Index</td>
<td>23%</td>
<td>Large Cap Domestic Equity</td>
</tr>
<tr>
<td>Russell 2000</td>
<td>5%</td>
<td>Small Cap Domestic Equity</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>7%</td>
<td>International Equity</td>
</tr>
<tr>
<td>Barclays Intermediate Government/Credit Index</td>
<td>65%</td>
<td>Fixed Income</td>
</tr>
</tbody>
</table>

VI. Communications

A. Investment Manager Communications with Board of Regents and/or Agent.

1. The Board of Regents may designate itself or a committee or individual(s) as Agent to receive specific communications.
   
   a. The investment manager shall provide quarterly portfolio valuations and investment returns.

2. In order to ensure that the guidelines established herein are being adequately met and to review the continued appropriateness of said guidelines, a meeting between the investment manager and the Board of Regents, or its designated Agent, shall be held at least annually. During these meetings, the investment manager will address the following:
   
   a. Review past investment performance, evaluate the current investment outlook and discuss investment strategy

   b. Discuss any changes to anticipated cash flows, investment objectives, or other criteria of the GENERAL FUND INVESTMENT POOL that may warrant changes to this investment policy, asset allocation, and/or investment strategies utilized.

We do hereby certify that the foregoing Bay Mills Community College General Fund Investment Pool Policy was duly presented and adopted by a vote of ________For, ________Against, ________Abstaining, ________Absent; by a vote of the Bay Mills Community College Board of Regents, taken April 26, 2013.

BAY MILLS COMMUNITY COLLEGE
BOARD OF REGENTS

By: ____________________________
   John Paul Lufkins
   Secretary