

WORKING CAPITAL MANAGEMENT AND INVESTMENT POLICY

A Recommendation

1. Division and Department: Finance and Administration

2. Introduction: The University's current Working Capital Management and Investment Policy has been in effect since 2013. Over the past thirteen years, the policy has provided a prudent investment framework that has enabled the University to generate consistent investment earnings while supporting the steady growth of the working capital investment pool.

The continued growth of the working capital portfolio has strengthened the University's overall financial position by improving days cash on hand and increasing institutional financial reserves. These measures are important indicators of financial strength and are key components of Moody's credit analysis supporting the University's current **A1 -Stable** bond rating.

As the University continues to address the long-term funding needs associated with an aging facilities infrastructure, deferred maintenance, and other strategic capital priorities, it is appropriate to evaluate whether the current strategic asset allocation continues to optimize the balance between risk and long-term investment return. Accordingly, the proposed policy revision would increase the maximum allocation to equity investments within the working capital portfolio from **30 percent to 50 percent**, while maintaining the policy's emphasis on prudent diversification, liquidity, and preservation of capital.

3. Previous Board Action: On April 3, 2013, the Board of Trustees approved the current Working Capital Management Investment Policy.

4. Budget Implications: While the proposed change to the strategic asset allocation has no direct impact on the University's General Fund budget, it is expected to enhance the long-term return potential of the working capital investment portfolio. Over time, these additional investment earnings will provide greater financial flexibility to help address deferred maintenance, aging facilities infrastructure, and other strategic capital funding needs.

5. Educational Implications: None.

6. Personnel Implications: None.

Working Capital Management and Investment Policy
Oakland University
Board of Trustees Formal Session
October 16, 2026
Page 2

7. University Reviews/Approvals: This Recommendation has been developed by the Treasury Management Department, and reviewed by Commonfund (Outsourced Chief Investment Officer), the Senior Vice President for Finance and Administration, and President.

8. Recommendation:
RESOLVED, that the Board of Trustees approves the revised Working Capital Management and Investment Policy.

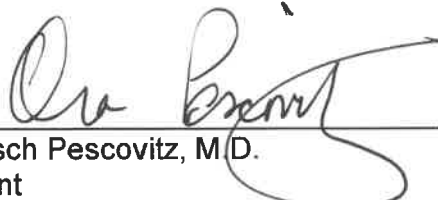
9. Attachments:
A. Working Capital Management Investment Policy (Revised October 16, 2026)

Submitted to the President
on Oct 6, 2026, 2026 by



Stephen W. Mackey
Senior Vice President for Finance and
Administration and Treasurer to the Board of
Trustees

Recommended on 10/6, 2026
to the Board of Trustees for approval by


Ora Hirsch Pescovitz, M.D.
President

Reviewed by:


Joshua D. Merchant, Ph.D.
Chief of Staff and
Secretary to the Board of Trustees

OAKLAND UNIVERSITY

WORKING CAPITAL MANAGEMENT AND INVESTMENT POLICY

(Revised October 16, 2026)

GENERAL PHILOSOPHY

In recognition of its fiduciary responsibility, the Oakland University Board of Trustees (Board) has adopted the following Working Capital Management and Investment Policy (Policy) for Oakland University (University) and the University's Working Capital, which includes three principal categories: Short-Term Investments, Intermediate-Term Investments, and Long-Term Investments.

In the course of conducting the business of the University, all cash collections shall be concentrated into a single cash pool and shall be managed and invested as a portfolio.

No University cash collection shall be deposited into any other account unless that action was approved previously by the Treasurer to the Board of Trustees (Treasurer) and affirmed by the President. Separate accounts so approved will be monitored and reconciled by the University Controller's Office and closed immediately after they are no longer needed for the purpose for which they were intended.

DEFINITIONS

- **Asset Class** – For the purposes of this Policy, Working Capital invested assets shall be grouped into three managed classes as noted in Working Capital Portfolio: Short-Term, Intermediate-Term and Long-Term.
- **Custodian** – Is typically a bank but may be another type of financial institution which has fiduciary custody of the Working Capital investments which are being managed by an Investment Manager. The Investment Manager and the Custodian may, at times, be the same firm.
- **Intermediate-Term Investments** – Investments with an investment horizon of one year to five years.
- **Investment Advisor** - A firm or individual retained by the University to advise on investment strategy, asset allocation, performance monitoring, and investment manager search and selection.
- **Investment Consultant** – An advisor used to guide asset allocation decisions, Investment Manager selection and overall investment strategy.
- **Investment Grade** – Investments holding a credit rating of Baa or better from Moody's Investors' Service, or BBB or better from Standard and Poor's or Fitch Investor's Service. For Short Term investments, investment grade shall be investments holding a credit rating of A-2/P-2, or better from Moody's Investor's Service, Standard and Poor's, or from Fitch Investor's Service.

- **Investment Manager** – An investment firm selected to manage an investment portfolio in a specific investment segment (e.g., large cap equities).
- **Long-Term Investments** – Investments with an investment horizon greater than five years.
- **Short-Term Investments** – Investments with an investment horizon of one year or less.
- **Total Investment Pool** – The average market value for the previous twelve months of the assets in the Working Capital Portfolio.
- **Working Capital** – All funds held by the University except those held in the endowment pool.
- **Working Capital Portfolio (Portfolio)** – The investment portfolio used to invest the University's Working Capital.

STRATEGIC OBJECTIVES

1. Safeguarding the assets in the Portfolio.
2. Assuring the liquidity of the Portfolio is sufficient to meet the operating and capital needs of the University.
3. Earning a reasonable rate of return on the Portfolio while managing risk to a conservative level and adhering to the guidelines contained within this Policy.
4. Managing and investing Working Capital according to current best practices.

GUIDELINES

1. The Portfolio will be divided into three investment groups: Short-Term Investments, Intermediate-Term Investments, and Long-Term Investments. The Treasurer shall determine how much of the Portfolio will be allocated to each group. However, no more than thirty percent of the Total Investment Pool shall be invested as Long-Term.
2. Short-Term Investments will be immediately available for use. Assets in this pool will all be rated as Investment Grade or better by any one rating agency and have an average maturity of no more than one year.
3. Intermediate-Term Investments will be liquid within five business days or less and will be rated Investment Grade or better by any one rating agency. This Asset Class will have average maturities of no more than five years.
4. Long-Term Investments - Assets will be liquid within 20 business days or less and will be rated Investment Grade or better by any one rating agency. Assets with average maturities of greater than five years are permitted. This Asset Class also includes equities.

5. Derivatives may be used in the Portfolio as hedging strategies but only by Investment Managers where those strategies are appropriate. Derivatives may not be used for speculative purposes.

RESTRICTIONS

1. The Portfolio may not contain:
 - a. Commodities or commodities futures.
 - b. Direct real estate ownership.
 - c. High risk debt rated below Investment Grade.
 - d. Collectables such as coins, stamps and automobiles.
 - e. Investments that are downgraded to less than Investment Grade by any one rating agency. They must be sold unless the Investment Manager and the Treasurer agree that they can continue to be held.
2. The Portfolio may not purchase debt that is not publicly traded and regulated.
3. The Portfolio may not purchase equity that is not publicly traded or regulated.
4. Investments in any one company, except the United States Government or its agencies, may not exceed five percent (5%) of the Total Investment Pool, nor more than five percent (5%) of the outstanding equity and/or debt of the company.
5. For non-amortizing securities, the maturity of any single debt instrument shall not exceed 15 years.
6. No securities purchases shall be made on margin, or use the University's leverage in a transaction.
7. The Portfolio may not contain more than a ~~53~~50% allocation to equities managers.

INVESTMENT ADVISOR, INVESTMENT MANAGER AND CUSTODIAN SELECTION

1. Generally, the University shall utilize professional management services for the management of the Portfolio. This does not preclude direct investment and ownership of securities by the University.
2. The Investment Advisor shall be appointed by the Board upon recommendation by the Treasurer.
3. The Investment Managers shall be appointed by the Treasurer upon advice of the Investment Advisor.
4. The Custodian shall be appointed by the Treasurer.
5. No more than fifty percent (50%) of University equity and bond investments shall be assigned to a single Investment Manager.

INVESTMENT MANAGER PERFORMANCE EVALUATION

Investment Managers and their performance will be measured over periods of the most recent quarter ending; one-year, three-year and five-year periods; and will be compared to appropriate market indices (benchmarks), or other national reporting standards. Market indices shall include indices that are appropriate for each Investment Manager's specific portfolio. Risk-adjusted benchmarks shall be used when and where appropriate to measure performance. An Investment Manager whose performance falls below the top quartile over a three-year period, or below the median over the period of one year,

shall be a candidate for replacement, absent a satisfactory explanation for the level of performance.

All Investment Managers must report their performance in writing each month end, and their portfolio holdings at least quarterly and annually.

The University may utilize an independent performance evaluation service to ensure that all Investment Managers are competitive in the market and that their performance meets the needs and expectations of the University.

ROLE OF BOARD OF TRUSTEES

The Board:

1. Shall establish investment policies relating to the administration of the University's Working Capital Portfolio.
2. Shall establish investment objectives.
3. Shall appoint an Investment Advisor(s), and specify any investment restrictions deemed appropriate.
4. Shall establish the guidelines and restrictions under which the University may directly invest in and own securities independent of Investment Managers and may authorize such investment.
5. Shall receive periodic reports from the Treasurer on investment results.

ROLE OF INVESTMENT ADVISOR(S)

The Investment Advisor:

1. Shall annually develop and communicate to the Treasurer and the Board an appropriate strategy to meet investment management objectives.
2. Shall advise the Treasurer regarding searches for an Investment Manager(s) and Custodian(s).
3. Shall provide a monitoring and measurement program which will permit evaluation of the performance of the Investment Manager(s) in comparison with the investment markets and with other managers.
4. Shall provide such other information pertaining to the investment program as may reasonably be required.

ROLE OF THE INVESTMENT MANAGERS

The Investment Managers:

1. Shall report their performance in writing each month, calendar quarter and year, and report their portfolio holdings at least quarterly and annually to the Investment Advisor and the Treasurer.
2. Is authorized to execute investment transactions in conformity with this Policy, subject to any restrictions established by the Board.
3. Shall report immediately to the Treasurer and the Investment Advisor any major change in the manager's confidence regarding the securities markets or any decline in Portfolio value in excess of ten percent (10%) since the last reporting date.

4. Shall be reasonably expected to provide other necessary information for the development of interim reports and shall meet, as necessary, with the Investment Advisor and the Treasurer.
5. Shall vote all proxies in accordance with instructions received from the University.

ROLE OF THE CUSTODIAN(S)

The Custodian(s):

1. Shall hold all securities under management by the Investment Managers in an agreed-upon nominee name and form.
2. Shall execute all transactions as directed by the Investment Managers.
3. Shall collect all income pertaining to the securities held and shall temporarily invest such income in cash equivalents until reinvested or remitted to the University.
4. Shall periodically remit accumulated income to the University pursuant to instructions received from the University.
5. Shall provide a full monthly accounting of all transactions, together with a listing of all holdings at cost and market.
6. Shall provide such other information pertaining to the Portfolio as may reasonably be required.

ROLE OF THE UNIVERSITY ADMINISTRATION, THROUGH THE TREASURER

The University, through the Treasurer:

1. Is responsible for the continuous monitoring and review of: the Investment Advisors', Investment Managers', and Custodians' reports, the actions of the Investment Managers, and the status of the University's Portfolio.
2. Shall maintain communications, as appropriate, between the Investment Advisor, Custodian, and Investment Managers.
3. Shall make recommendations to the Board concerning investment policies, structure, objectives and selection of Investment Advisor(s).
4. Shall periodically invest available funds with the Investment Managers in consultation with the Investment Advisor.
5. Shall direct changes in existing allocations in consultation with the Investment Adviser as necessary.
6. May, in consultation with the Investment Managers and the Investment Advisor, and within the parameters established by this Policy, direct the reallocation of assets between the investment options and funds managed by the Investment Managers.
7. Shall appoint Custodians, monitor their activity and receive, reconcile and account for remitted accumulated income.

GIFTS OF INVESTMENTS

Certain funds are obtained by the University through donor gifts subject to Donor Restrictions that restrict the form of investment, either directly by specifying qualifying investment vehicles or indirectly by stipulating higher-than-normal distributions. Such

Gifts of Investments will be accepted only if the investments can be sold by the University at the first available opportunity, but no later than 30 days after the gift, and the proceeds of the sale be invested in the Portfolio in accordance with the provisions of this Policy.