



**Frederick Community College  
Board of Trustees**

**President's Baseline Insight Report**

**EL 10 – Investments**

Report Date: 2/19/2025

Compliance Status: (F) / P / N Compliant



**Note: Board Policy is indicated in bold typeface throughout the report.**

I am submitting this baseline insight report to the Frederick Community College Board of Trustees, focusing on the Board's Executive Limitation Policy: "EL-10 Investments." This report is submitted for your review. I confirm that the information provided is accurate and establishes a baseline for compliance with the policy as approved by the Board, unless noted otherwise.

A handwritten signature in blue ink, appearing to read "Annesa Cheek".

2/19/2025

Annesa Cheek, Ed.D.  
President

Date

**Note: Board Policy is indicated in bold typeface throughout the report.**

**The President shall not permit investments that are inconsistent with federal, state or local laws, nor to be managed in a way that is inconsistent with the primary investment objectives of capital preservation and reasonably assured revenue growth.**

**Further, without limiting the scope of the above statement by the following list, the President shall not:**

- 1. Permit investments to be managed without the active involvement of well-qualified investment advisors with a proven track record, and who are independent of any investment fund.**

INTERPRETATION:

EVIDENCE:

Compliance will be demonstrated when:

- a. The College utilizes well-qualified investment advisors, who are also independent of any investment fund, to make the securities purchases.

- a. On 1/27/2025, the CFO/VPA confirmed that the College maintains money market accounts with Truist Bank (a member of FDIC) and investments in the Maryland Local Government Investment Pool (MLGIP) through PNC Bank, which are both well-qualified and independent investment advisors.

This interpretation is reasonable because the investment of the College's available funds is managed by a bonded, legally accountable administrator, and secondary fund custodian.

**1.1. Permit the advisor to take title to any assets.**INTERPRETATION:EVIDENCE:

Compliance will be demonstrated when:

- a. The funds held by the asset custodian, and security purchases made by the investment advisor, are held in the College's name only.

- a. On 1/27/2025, the CFO/VPA confirmed that all funds are held in the College's name only.

This interpretation is reasonable because by requiring the asset custodian and investment advisor to align with this practice, the College can clearly demonstrate ownership and control, consistent with its fiduciary duties and regulatory obligations. This approach aligns with the Board's expectation of prudent financial stewardship and risk management.

**1.2. Permit the advisor to withdraw any funds from the accounts except to cover payment of previously agreed-to fees, or at the specific direction of the College's Chief Financial Officer or President.**

INTERPRETATION:

EVIDENCE:

Compliance will be demonstrated when:

- a. The advisor does not withdraw funds from the accounts, unless they are for fees specified in the agreements of the engaged financial and asset management organizations, or as directed by the CFO or President.

- a. On 1/27/2025, the CFO/VPA confirmed that the advisor has not withdrawn any funds from the accounts except to cover previously agreed to fees.

This interpretation is reasonable because by specifying fees in formal agreements, the College can clearly define the costs associated with these services, avoid ambiguity, and ensure that financial management practices are aligned with industry standards and the College's strategic financial goals.

**2. Permit investments that are insufficiently liquid to meet the organization's anticipated expenditures without incurring penalties.**

INTERPRETATION:

EVIDENCE:

Compliance will be demonstrated when:

- a. Investment maturity dates are structured to mature at times that meet cash flow needs of the College based upon a planned schedule; and
- b. The actual interest-based revenue return matches the anticipated return without penalties for withdrawal.

- a. On 1/27/2025, the CFO/VPA confirmed that investments are currently maintained in cash or cash equivalent accounts that are available to meet cash flow needs.
- b. On 1/27/2025, the CFO/VPA confirmed that the interest revenue matches the anticipated return and no withdrawals incurred a penalty.

This interpretation is reasonable because it maximizes the return on the investment and liquidity at reduced costs and is compliant with Title 16 – Community Colleges of the Education Article, Maryland Annotated Code.

**3. Permit borrowing money for the sole purposes of investment.**INTERPRETATION:EVIDENCE:

Compliance will be demonstrated when:

- a. Borrowing is undertaken solely for the purpose of supporting the College's educational objectives, such as capital projects, program funding, or other initiatives that support the institution's mission. In cases where borrowing is required, it must be justified by clear, mission-related needs rather than financial speculation.

- a. On 1/27/2025, the CFO/VPA confirmed that the only debt incurred supports FCC's educational objectives.

This interpretation is reasonable because it demonstrates sound financial stewardship, maintains public trust, and safeguards the College's resources against risky financial maneuvers that do not directly benefit students or the institution's educational programs.

**4. Permit the investment of cash accounts (or operating capital) in anything other than those which comply with the applicable sections of the State Finance and Procurement Article of the Maryland Code.**

INTERPRETATION:

EVIDENCE:

Compliance will be demonstrated when:

- a. The College's participation in investment activities is done via an investment pool composed entirely of investment instruments that are legal for all Maryland community colleges.

- a. Maryland Code, Local Government, §17-101 and the College investment policy (EL-10 Investments) determines the allowable investments the College can make. The College may invest in certificates of deposit with commercial banks in the State of Maryland, direct U.S. obligations, U.S. government agency obligations, repurchase agreements, bankers' acceptances from approved banks with acceptable credit ratings, commercial paper from entities with an acceptable credit rating, money market funds and the Maryland Local Government Investment Pool (MLGIP). On 1/25/2025, the CFO/VPA confirmed that FCC's investments are included in the MLGIP.

This interpretation is reasonable because Maryland state law defines what is permissible for a community college's investments.