



SUBJECT: UNIVERSITY INVESTMENT POLICY

- I. PURPOSE: To provide the policy and procedures for the investment of funds of Southern Utah University within the framework of State laws and regulations and State Board of Regents policy.
- II. SCOPE: This policy applies to all funds owned, held, or administered by the University regardless of the source from which these funds are derived.

III REFERENCES:

- A. Utah Code Title 51, Chapter 7 (State Money Management Act)
- B. Utah Administrative Code Title R628 (Rules of the State Money Management Council)
- C. Utah Code Title 13, Chapter 29 (Uniform Management of Institutional Funds Act)
- D. Regents' Policy R541 (Management and Reporting of Institutional Investments)

IV III. DEFINITIONS:

- A. State Money - Funds provided by legislative appropriations for the support and operation of the University.
- B. Public Funds - State money and all other funds, regardless of the source, which are owned, held or administered by the University.
- C. Donated Funds - Funds acquired by the University by gift, devise or bequest.
- D. Public Treasurer - A University employee who has been appointed as the University's Public Treasurer as defined in the State Money Management Act, and who has the responsibility for the safekeeping and investment of any public funds.
- E. Endowment Funds - Funds received from donors with instructions to maintain the gift in perpetuity to generate earnings in support of the University, funds donated with instructions to treat the gift as an endowment for a specific term, funds internally restricted to be treated as endowment funds and Annuity and Life Income Funds.



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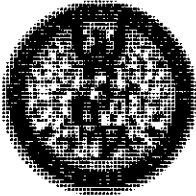
- F. Chief Executive Officer (CEO) – Reference to the Chief Executive Officer refers to the President of the University.

IV. GENERAL POLICY

- A. The University shall comply with the State Money Management Act the State Uniform Management of Institutional Funds Act, Rules of the State Money Management Council, and the State Board of Regents Policy on Management and Reporting of Institutional Investments.
- B. Selection of authorized investments shall be made with that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment.
- C. The following objectives shall be considered and met when investing University funds:
1. safety of principal;
 2. need for liquidity;
 3. yield on investments;
 4. recognition of the different objectives of operating and permanent funds; and
 5. maturity of investments, so that the maturity date of the investment does not exceed the anticipated date of expenditure of funds;
 6. available funds to be fully invested at all times.
- D. The University may conduct investment transactions only through qualified depositories or certified dealers as defined in the State Money Management Act or directly with issuers of the investment securities.
- E. The University will invest all funds only in those investments permitted by Regents' Policy R541-4.6 and R541-4.7

VI. GENERAL RESPONSIBILITY

- A. The University Board of Trustees has been delegated full investment responsibility by the State Board of Regents to function in compliance with its policies.



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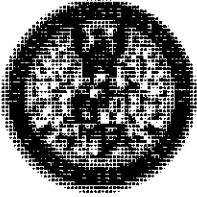
- B. The Vice President for Administrative and Financial Services, or through his/her designee the Public Treasurer, acting under the authority and responsibility of the President, has general operating responsibility for the safekeeping and investment of University funds.

- C. Public Treasurer
 - 1. A Public Treasurer shall be appointed by the Board of Trustees to have full operational responsibility for the safekeeping and investment of University funds as the designee of the Vice President for Administrative and Financial Services.
 - 2. Appointment of the Public Treasurer, who must be a high level management employee experienced and qualified in cash and investment management, will be based on a recommendation by the President in consultation with the Vice President for Administrative and Financial Services.
 - 3. The Public Treasurer shall have full authority in making University investments in accordance with the objectives and requirements of this policy.
 - 4. Supervisory review and approval of the Public Treasurer's investment decisions will be provided by the Vice President for Administrative and Financial Services. In connection with the review of monthly investment reports and transactions, shall also be approved by the President of the University.
 - 5. No person may engage in investment transactions on behalf of the University, except as provided by this policy.

VII OPERATING PROCEDURES

- A. The Public Treasurer shall be assisted by the Cash Manager who will be appointed by and acting under the authority and responsibility of the Vice President for Administrative and Financial Services.

- B. The Public Treasurer may be assisted by an Investment Advisory Committee comprised of the Public Treasurer, the Cash Manager and others as may be appointed by the Vice President for Administrative and Financial Services.



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C. Cash Management Pool

1. All funds of the University will be fully invested at all times. Cash from all funds not separately invested will be pooled for investment purposes. The Cash Manager may make daily transfers between the Public Treasurer's Investment Fund (PTIF), The University Sweep account, and the University checking account(s) as necessary to maintain appropriate bank balances and keep funds fully invested. These transactions will be reported monthly to the Public Treasurer.
2. To the extent that these funds are not required for immediate use in operation of the University, they may be invested in short to intermediate-term investments. Each such investment will be formally recommended to the Public Treasurer by the Cash Manager before the purchase is made.

D. Endowment Pool

1. Funds acquired for endowment purposes by gift, devise, bequest, or funds set aside as quasi-endowment funds, are the only funds eligible for investment in this category.
2. In cases where investment directions are contained in a written gift instrument (including lettered or restricted stock) the funds embodied by the gift shall be invested in accordance with such directions or restrictions.
3. It is the general practice of Southern Utah University to pool all endowment resources unless the funds given are in securities that do not have a ready market or have specific investment instructions from the donor. The commingled endowment fund shall be unitized and each new endowment gift added to the fund shall receive units in the fund based upon the market value of the gift and the unit value of the fund on the date the gift is added to the pool. The unit value shall be determined at least quarterly. Income determined under the University's spending policy shall be calculated on a per unit basis for distribution purposes. Based upon the number of shares owned, individual endowment funds will share proportionately in the investment results (yield and appreciation) of the consolidated investment pool.

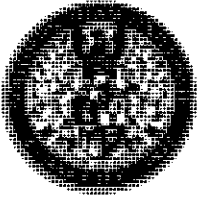


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4. Purchases and sales of securities in this section must be recommended by the Public Treasurer and approved by the Vice President for Administrative and Financial Services and by the Chair of the Board of Trustees, Finance Committee or his/her designee. Such transactions shall be reported later to the full Board for ratification.
5. Negotiable securities received as donations may be sold immediately upon receipt to avoid speculation in market fluctuations at the discretion of the Public Treasurer upon approval of the Vice President for Administrative and Financial Services. Small lot shares received as a result of spin offs, acquisitions or mergers may be also sold immediately. Such sales will be an exception to D.4, and will be reported to the Board of Trustees in the next scheduled meeting after the sale.
6. The market value of investments in various assets in this pool shall remain within the ranges described below, except for minor deviations due to fluctuations in market value or current spending, or when current income is less than planned spending. The allocation ranges established by this policy represent a long-term perspective. As such, significant gifts, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside the policy range temporarily. The current, Board approved, target asset mix is 60% equity, 40% fixed income investments;

Consolidated Endowment Fund Asset Allocation Guidelines			
	Minimum	Goal	Maximum
Equity Investments	40	60	80
Fixed Income Investments	20	40	60

7. The Trustees of Southern Utah University have established an endowment spending policy that attempts to balance the long-term objective of maintaining the purchasing power of the endowment with the goal of providing a reasonable, predictable, stable, and sustainable level of income to support current needs. It shall be the policy of the University to preserve and maintain the real purchasing power of the principal in the endowment and University portfolio.



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Distribution obligations of the endowment must be met on a timely and regular basis. Distributions are to be made to each individual endowment composing the consolidated (pooled) investment fund each quarter. Total return in excess of the actual distribution shall be reinvested and shall be considered retained earnings for all future distribution computations. If realized income is less than the amount budgeted for the educational and general operating budget in any given year, the shortfall may be made up from any retained earnings accumulated in prior years. If, in any given year, total return shall be less than the target annual distribution, and retained earnings are not available to make up the shortfall, the actual distribution will be limited to the net current yield.

E. Debt Service Reserves

1. Security reserve funds required by bond covenants for retirement of indebtedness or renewal and replacement will be invested according to the terms of the bond covenants, or if no such terms are applicable, in accordance with Section 51-7-11 of the State Money Management Act.
2. Investment instructions to bond trustees shall be determined by the Public Treasurer, and will be approved by the Vice President for Administrative and Financial Services.

F. Accounting and Reporting

1. The University Controller is responsible for all accounting and reporting of investment transactions.
2. Staff members of the Controller's Office, who are precluded access to negotiable securities and who are not involved in authorizing any investment transactions, will record the transactions in the University accounting records.
3. A subsidiary ledger will be maintained by a staff member of the Controller's Office not involved in the investment process and will be the basis of preparing investment reports which will be reconciled to the general ledger.



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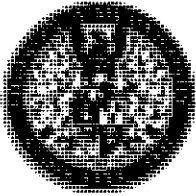
4. All reports shall be reviewed in detail and be approved by the Public Treasurer and the Vice President for Administrative and Financial Services before being released.

VII. CUSTODY AND SAFEKEEPING OF INVESTMENTS

- A. The Public Treasurer shall maintain custody and safekeeping over all negotiable securities and investment certificates.
- B. All negotiable securities to be held by the University will be in the name of Southern Utah University.
- C. Negotiable securities shall be physically stored at all times in the University's Cashier's safe until such time that they can be liquidated or transferred to the University's broker.
- D. Non-negotiable investment certificates will be held in the University Cashier's office safe.

VIII. REPORTS

- A. Reports to the University Board of Trustees and Board of Regents
 1. The Public Treasurer shall submit monthly investment reports to the Board of Trustees within 45 days of the month's end. The Public Treasurer shall submit quarterly reports to the Board of Trustees within 60 days of the quarter's end. The secretary will place the reports on the agenda of the next regular trustee meeting. Each report will contain the assertion of the Public Treasurer that to the best of his/her knowledge, the University is in compliance with the State Money Management Act, Rules of the Money Management Council, the Uniform Management of Institutional Funds Act and the Regents' Investment Policy. The monthly investment report shall contain, as a minimum, the investment transactions for the month. The quarterly investment report shall include costs and market values for each investment and maturity dates where applicable. The format of these reports will be established by the Board of Trustees.



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2. Within 60 days of submission to the Trustees, copies of each investment report shall be submitted to the Board of Regents. Reports submitted to the Board of Regents shall be accompanied by a transmittal letter stating that the University President has reviewed the reports.
3. An annual Money Management Report, on forms provided by the Commissioner of Higher Education, will summarize the money management activities for the year. This report shall include an auditors opinion regarding: 1) the fairness of presentation of the report in accordance with generally accepted accounting principles; and 2) compliance with the State Money Management Act, the Rules of the State Money Management Council, the Uniform Management of Institutional Funds Act and Board of Regents' Investment Policy. Draft reports shall be submitted to the Commissioner's office no later than October 15 of each year. Final reports including the auditor's opinion shall be submitted no later than November 30 of each year.
4. The Chief Executive Officer shall arrange for an audit of the institution's annual report, to be conducted by the internal auditor or the Regents' audit staff. The audit shall be conducted in accordance with generally accepted auditing standards for regulatory or prescribed format reports. The report shall include the auditor's comments based on their examination of investment policy and procedures, the process, the accounting records and safekeeping methods.
5. In addition to the reports required above a report of the endowment pool, including asset mix, valuation and performance will be prepared quarterly for the Board by the Public Treasurer.

From: Gregory Stauffer
To: Rayburn, Bonny
CC: Halgren, Pam; LeCorchick, Rachel; Page, Dorian
Date: 9/12/2007 4:59 PM
Subject: Fwd: Policy #10.12
Attachments: Fwd: Policy #10.12

Bonny,

We've noticed a discrepancy when working with Investment Policy 10.12, where we need your assistance. The policy that was approved by the Bd of Trustees last July 26th differed ever so slightly from the one you were provided to put on the web.

If you look at the current web version, on pg 1, the paragraph labeled "References" has the roman numeral missing. It should've been - and was, by hand, on the Trustees version - labeled w/Roman number #III. That would move every other new section down correspondingly. (For instance, and what has brought this to our attention, is the section labeled "Operating Procedures" on pg 3 - which is Roman numeral VI on the web version, Roman numeral VII (as it should be) on the Trustees version.....a lot of confusion over a small item!

In any event, we need the numbering on the web version corrected, so the sections are numbered as follows:

- I. Purpose
- II. Scope
- III. References
- IV. Definitions
- V. General Policy
- VI. General Responsibility
- VII. Operating Procedures
- VIII. Custody.....
- IX. Reports

A mistake in the Finance shop somewhere a year ago; we apologize. What's your preference: that we make the changes or that you handle it? If your preference is that Finance make the adjustments, please send the file to Rachel LeCorchick to she can make the changes (as she's the most familiar at this point with what went wrong). If you choose to make them yourself, we'd appreciate knowing when the new version is up. Thanks.

- Greg