

Utah Tech University Policy

202: Investment of University Funds



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I. Purpose

- 1.1 To provide for the compliance with the State Money Management Act, the Rules of the State Money Management Council, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and the Utah Board of Higher Education Policy R541 for Management and Reporting of Institutional Investments wherein:
 - 1.1.1 Public and State Funds are governed by the State Money Management Act.
 - 1.1.2 Institutional Funds are governed by the Uniform Prudent Management of Institutional Funds Act. Utah Tech University, hereafter referred to as “University,” also commingles for investment purposes funds functioning as endowments (i.e. quasi-endowments). These funds may not arise from state appropriations, tuition, and fees, and/or contracts and grants.
 - 1.1.3 All other funds not identified above are governed by the Rules of the State Money Management Council or under Utah Board of Higher Education Policy R-541.

II. Scope

- 2.1 This investment policy reflects the policy, objectives, and constraints of investing Public, State, Institutional, and other funds held by the University.

III. Definitions

- 3.1 ***Institutional Funds:*** A fund held by an institution exclusively for charitable purposes.

3.1.1 An Institutional fund does not include the following:

3.1.1.1 Program-related assets;

3.1.1.2 A fund held for an institution by a trustee that is not an institution;

3.1.1.3 A fund in which a beneficiary that is not an institution has an interest, other than an interest that could arise upon violation or failure of the purposes of the fund; or

3.1.1.4 Operating funds.

3.2 **Investment Advisory Committee:** A University committee, composed of members of the Board of Trustees and University employees, charged with the responsibility to oversee the management of investments

3.3 **Public/State Funds:** Public monies raised by operation of law for the support and operation of the state government; and all other monies, funds, and accounts - regardless of the source from which [they] are derived; that are owned, held, or administered by the state or any of its boards, commissions, institutions, departments, divisions, agencies, bureaus, laboratories, or other similar instrumentalities; or any county, city, school district, political subdivision, or other public body. Examples include, but are not limited to the following:

3.3.1 State appropriations

3.3.2 Grants and contracts

3.3.3 Gifts

3.3.4 Tuition and fees

3.3.5 Patient revenues

3.3.6 Auxiliary enterprises revenues

3.4 **Public Treasurer:** University official who has the responsibility for the safekeeping and investment of any public funds.

3.5 **University Investment Advisory Committee guidelines (Guidelines):** This is a separate document created by the Investment Advisory Committee that outlines procedures for managing investments.

IV. Policy

4.1 Public Treasurer

4.1.1 Appointment

4.1.1.1 The Board of Trustees shall appoint a University official to serve as the public treasurer, (as defined by the State Money Management Act), for the University. This appointment should come from the recommendation of the President of the University upon the advisement of the Vice President of Administrative Affairs. The University Board of Trustees has designated that a Director of Accounting shall serve as the public treasurer for the University.

4.1.2 Authority

4.1.2.1 The Board of Trustees delegates the responsibility for the safekeeping and investment of public and state funds to the public treasurer along with the authority to select investments under the appropriate standards of care based on the titled regulations listed in Section I, Purpose. Such investments shall also conform to appropriate University Investment Advisory Committee guidelines.

4.1.3 Supervisory Approval

4.1.3.1 The Executive Director for Business Services shall have oversight of the public treasurer's investment decisions for public and state funds under the overall operating responsibility of the Vice President for Administrative Affairs.

4.2 Authority to Manage Public/State Funds and Institutional Funds

4.2.1 The authority to enter into investment transactions shall be limited to the Public Treasurer under the oversight of the Executive Director for Business Services and under the guidelines determined by the Investment Advisory Committee and according to the purpose as stated in Section I, Purpose.

4.2.2 No person may engage in any investment transactions on behalf of the University except as provided for under the terms of this policy.

4.3 Duties of the Public Treasurer

4.3.1 Daily Cash Requirements

4.3.1.1 Manage the daily cash requirements (operating funds) for the University in accordance with the State Money Management Act.

4.3.2 Investment Pools or Portfolios

4.3.2.1 Similar funds may be commingled for investment and/or reporting purposes, unless specifically prohibited by statute, donor stipulation, or bond covenant.

4.3.2.2 Similar funds may be combined into investment pools or portfolios upon the approval of the Vice President for Administrative Affairs after consultation with the Executive Director for Business Services.

4.3.2.3 Separate investment pools or portfolios may be established to:

4.3.2.3.1 Ensure compliance with the appropriate specific provisions of the State Money Management Act, Rules of the State Money Management Council, and the Uniform Prudent Management of Institutional Funds Act, or Utah Board of Higher Education Policy R541, under which the investment pool or portfolio will be governed;

4.3.2.3.2 Ensure compliance with written donor directives relating to gifts, devises, or bequests (See Section 4.3.4);

4.3.2.3.3 Ensure compliance with any legal restrictions, such as bond covenants or trust agreements;

4.3.2.3.4 If applicable, seek to meet investment objectives as outlined in the Endowment Pool Investment Guidelines to help provide funding for the various operating or educational needs within the University.

4.3.3 Separate Investments

4.3.3.1 Certain funds or securities may be separately invested, rather than commingled in an investment pool, if one or more of the following conditions exist:

4.3.3.1.1 A donor has provided written directions as to the investment of, or that restricts the sale of, their

donation in that it makes it impractical to commingle with other securities or funds in other investment pools (See Section 4.3.4).

4.3.3.1.2 The Vice President for Administrative Affairs approves such an investment, after consultation with the Executive Director for Business Services, as long as such an investment is in accordance with the appropriate governing regulations.

4.3.3.2 Funds that have been pledged or dedicated shall be invested in accordance with the objectives and guidelines stated in bond resolutions or other debt agreements.

4.3.3.3 Such funds or securities that are separately invested may be consolidated into like portfolios with other securities that also have specific investment restrictions.

4.3.4 Donated Securities

4.3.4.1 Securities received by gift, devise or bequest, whether outright or in trust, shall be sold by the Public Treasurer as soon as practicable in accordance with the Rules of the Money Management Council (R628-2-5), and Utah Board of Higher Education Policy (R541-4.6.1.2) unless:

4.3.4.1.1 Restrictions specified by the donor through a written instrument contain directions as to the investment thereof. The funds embodied within the gift shall be invested in accordance with those directions, therein. The University will periodically review donor's written directions to determine if any donated securities being held can be sold or written off if the value is deemed immaterial.

4.3.4.1.2 Such securities are restricted from sale because they are not registered with the Securities and Exchange Commission and/or lack a written instrument as per the intentions of the donor. In such cases, they may be retained as a qualified investment. When the terms of the restrictions are no longer applicable, the securities shall be sold or written off in accordance with this section.

4.3.4.2 Holding such securities as noted above is deemed to be in

compliance with the Rules of the State Money Management Council (R628-2-3), and Utah Board of Higher Education Policy (R541-4.6.1.2).

4.4 Guidelines for Investment of Public/State Funds and Institutional Funds

4.4.1 The Public Treasurer, with the advisement of the Investment Advisory Committee, will establish guidelines for the operation and management of investment pools. Any guidelines established will require approval from the Investment Advisory Committee prior to their implementation.

4.4.2 Periodically, the Public Treasurer, along with the Investment Advisory Committee shall conduct a review of the established guidelines per the Utah Board of Higher Education Policy (R541).

4.4.2.1 Public and State Funds are subject to the Cash Management Pool Investment Guidelines.

4.4.2.2 Institutional Funds in the Endowment Pool are subject to the Endowment Pool Guidelines.

4.4.2.3 Donated Securities that have been required by their respective donor to be held by the University shall be invested in accordance with the restrictions of the gift agreement. No internal investment guidelines will be established for those Donated Securities that are placed in a common portfolio.

4.4.2.4 Funds that have been pledged or dedicated shall be invested in accordance with the objectives and guidelines stated in bond resolutions or other debt agreements.

4.4.2.5 Funds being invested that may not fall under a guideline shall be invested in accordance with the appropriate governing regulation.

4.5 Beneficial Interests not owned or held by the University

4.5.1 In addition to public and state funds and institutional funds owned, held, or administered by the University, the University may be the beneficiary of trust funds, which it does not own, or control, in which independent trustees or boards administer them. This policy does not apply to such trusts or to donated funds that the donor has directed to be invested in specific securities or properties.

4.6 Investment Reporting

- 4.6.1 Monthly Reports to the University Board of Trustees: The Public Treasurer shall submit monthly investment reports to the Secretary of the University's Board of Trustees within the required period established by the Board, but no later than 60 days from month's end.
 - 4.6.1.1 Monthly reports shall summarize the University's deposits and investments of funds within each pool or portfolio that were in its custody or control at month's end.
 - 4.6.1.2 The Secretary shall place the report on the agenda of the next regular Board of Trustees meeting.
 - 4.6.1.2.1 During the Board of Trustees' meeting, the chair shall present the investment reports to the Trustees with any comments or recommendations she/he wishes to make.
 - 4.6.1.2.2 The Board of Trustees, after receiving the investment reports, shall approve or reject the reports.
 - 4.6.1.3 Within 30 days after the Board of Trustees' action(s), the University shall submit to the Utah State Office of the Commissioner for Higher Education (OCHE) a copy of the monthly investment reports as submitted to the Board of Trustees. A transmittal letter shall accompany these reports from the President of the University, which may state that the President has reviewed the reports, whether or not the President has approved the reports, and any actions taken by the Board of Trustees regarding the reports.
- 4.6.2 Annual Money Management Report: The Public Treasurer shall submit annually on forms provided by the Commissioner of Higher Education a summary report of the University's money management activities for the year. This report shall include an auditor's opinion regarding:
 - 4.6.2.1 The fairness of presentation of the report in accordance with generally accepted accounting principles; and
 - 4.6.2.2 Compliance with applicable statutes, in particular, the State Money Management Act, Rules of the State Money Management Council, the Uniform Prudent Management of Institutional Funds Act, the Utah Board of Higher Education Policy R541, and University investments policies.
 - 4.6.2.3 This report shall be submitted to the Board of Trustees.

4.6.2.4 This report shall be forwarded on to the Utah Board of Higher Education.

4.7 Investment Advisory Committee

4.7.1 The Investment Advisory Committee will consist of two members of the Board of Trustees as designated by the Trustees; Business Services Office staff as appointed by the Vice President of Administrative Affairs; one member from the Development Office, and others as may be appointed by the Investment Advisory Committee.

4.7.1.1 The University Investment Advisory Committee functions under the direction of the Board of Trustees and the President of the University.

4.7.1.2 The chair of the committee is appointed by the Chair of the Board of Trustees.

4.7.1.3 The purpose of the Investment Advisory Committee is to support the University and its mission over the long term, through the prudent investment of designated University assets, and maintain compliance with the law.

4.7.1.4 The Investment Advisory Committee shall review and recommend investments, guidelines, procedures, objectives, and strategies to the University Public Treasurer, who will implement those recommendations.

4.7.1.5 The Investment Advisory Committee shall meet as required to carry out its functions and responsibilities, to review investments and to receive in-person reports from Investment Managers. The Committee should meet no less than two times a year.

4.8 Assets to be Invested

4.8.1 The University Business Services Office will designate the assets of the institution to be invested under the guidelines approved by the Investment Advisory Committee.

4.9 Spending of Invested Assets

4.9.1 It is recommended that the University spend annually a percent of the invested assets total asset value (growth plus income), as determined by the Investment Advisory Committee and approved by

the President, with the understanding that this spending rate, plus inflation, will not exceed total return from the investments.

- 4.9.2 If investments return a rate that exceeds the investment objective, the President may approve spending beyond the determined percent, up to the real return from the investments.
- 4.9.3 Any amounts not expended shall be reinvested in the funds generating the return or placed in restricted reserve accounts, as appropriate.

V. References

- 5.1 Board of Higher Education Policy R541, Management, and Reporting of Institutional Investments
- 5.2 Utah Code 53B-2-106, Duties, and Responsibilities of the President
- 5.3 1953 Utah Code Title 51, Chapter 7, State Money Management Act
- 5.4 Utah Code Title 51, Chapter 8, Uniform Prudent Management of Institutional Funds (UPMIFA)
- 5.5 Utah Administrative Code Title R628, Rules of the State Money Management Council

VI. Procedures:

- 6.1 See the separate document “University Endowment Guidelines” for procedures on strategies, investment reporting, and guidelines for pool management.

VII. Addenda: N/A

Policy Owner: Vice President of Administrative Affairs
Policy Steward: Vice President of Administrative Affairs
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