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## POLICY MANUAL

### OPERATING POLICIES AND PROCEDURES

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**Number 517**

**Subject: Investment Policy**

**Effective Date: November 18, 2016**

**Date of Last Revision: October 26, 2006, February 19, 2014, November 18, 2016, June 24, 2022**

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#### 517.1 PURPOSE

To provide for the implementation of and compliance with the State Money Management Act (MMA), the Rules of the State Money Management Council, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and the Utah State Board of Regents Policy R541, Management and Reporting of Institutional Investments wherein:

- A. Institutional Funds are governed by UPMIFA.
- B. Operating Funds are governed by the State Money Management Act.

#### 517.2 REFERENCES

- [Utah State Board of Regents Policy R-541 Management and Reporting of Institutional Investments.](#)
- [State Money Management Act, Title 51, Chapter 7.](#)
- [Rules of the State Money Management Council.](#)
- [Uniform Prudent Management of Institutional Funds Act \(UPMIFA\), Title 51, Chapter 8.](#)
- [Utah State University Policy 307 Conflicts of Interest.](#)

#### 517.3 DEFINITIONS

- A. Institutional Fund

- a. Means a fund that is primarily for appreciation or the production of income, and intended to be held in perpetuity.
- b. Institutional Funds do not include: program-related assets which are assets held to accomplish the purpose of the institution and not primarily for appreciation or the production of income.

**B. Operating Funds**

- a. Funds not primarily for appreciation or the production of income.
- b. Money used for the operation of a higher education institution that is received from state appropriations, government contracts and grants, or tuition and fees collected from students.

**C. Public Treasurer**

- a. Utah State University official or designee who has the responsibility for the safekeeping and investment of public funds.

**517.4 POLICY**

**4.1 Authority to Manage and Invest Funds**

The President of the University shall recommend for authorization by the Board of Trustees, employees of the University to serve as Public Treasurers or designee (as defined by the State Money Management Act).

Authority to manage, engage in, and approve investments are authorized as follows:

<b>Responsibility</b>	<b>Cash Management Investment Pool (CMIP)</b>	<b>Defensive Return Pool (DRP)</b>	<b>Endowment Pool (EP)</b>
<b>Manage and Engage in Investments</b>	Manager Treasury Services	Associate Vice President for Finance and Administrative Services	External Investment Managers
<b>Oversight</b>	Vice President for Finance and Administrative Services	DRP Investment Advisory Committee	EP Investment Advisory Committee with assistance from Investment Advisor
<b>Primary Approval</b>	Vice President or designee	Vice President	Vice President
<b>2<sup>nd</sup> Level Approval</b>	President or designee	President or designee	President or designee

A Notification of Investment Form will be completed to signify ratifying approval of investment purchases.

No person may engage in an investment transaction on behalf of Utah State University except as provided under the terms of this policy.

## **4.2 Investment Pools or Portfolios**

- A. Similar funds may be commingled for investment and/or reporting purposes unless specifically prohibited by statute, donor stipulation, or bond covenant.
- B. Investment pools or portfolios may be established to:
  - a. Ensure compliance with the appropriate specific provisions of the State Money Management Act and Rules of the State Money Management Council, Uniform Prudent Management of Institutional Funds Act, or Board of Regents Policy R541, Management and Reporting of Institutional Investments, under which the investment pool or portfolio will be governed.
  - b. Ensure compliance with written donor directives relating to gifts, devise, or bequests (see 4.3 Donated Securities).
  - c. Ensure compliance with any legal restrictions, such as bond covenants or trust agreements.
  - d. Meet investment objectives as outlined in the Cash Management Investment Pool Guidelines, Defensive Return Pool Investment Guidelines, or the Endowment Pool Investment Guidelines to help provide funding for the various operating or educational needs within the University.
- C. Certain funds or securities may be separately invested, rather than commingled in an investment pool, if one or more of the following conditions exist:
  - a. 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.
  - b. The Vice President for Finance and Administrative Services approves such an investment, as long as such an investment is in accordance with the appropriate governing regulations.

## **4.3 Donated Securities**

- A. Securities received by gift, devise or bequest, whether outright or in trust, shall be sold as soon as practical in accordance with the Rules of the Money Management Council, and Utah State Board of Regents Policy R541, Management and Reporting of Institutional Investments unless:
  - a. 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 if they should be written off if the value is deemed immaterial.
  - b. 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.

- B. Holding such securities as noted above are deemed to be in compliance with the Rules of the State Money Management Council, and Utah State Board of Regents Policy R541, Management and Reporting of Institutional Investments.

#### **517.5 INVESTMENT ADVISORY COMMITTEES**

The Investment Advisory Committees of the Endowment Pool and Defensive Return Pool shall include not more than two members of the Board of Trustees and no less than two independent investment management professionals.

Non-University committee members shall be invited to serve a five-year term and may be invited to serve a second five-year term.

#### **517.6 REPORTING, AUDIT, & CONFLICT OF INTEREST REQUIREMENTS**

Investment reports, audit, and conflict of interest requirements are in accordance with Utah State Board of Regents Policy R541, Management and Reporting of Institutional Investments.