

Arkansas State University - Jonesboro

Effective Date: 06/01/98

Number: 05-21

Section: Finance and Administration

Subject: Investment & Endowment Management

A. OPERATING FUNDS

1. Investment Objectives.

- a. Safety of the principal is the foremost objective for operating funds, followed by liquidity and yield. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be defaults of securities or erosion of market value. A
- b. ASU's portfolio shall remain sufficiently liquid to enable it to meet all operating requirements.
- c. ASU's portfolio shall be designed to attain an above market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and cash flow requirements.

2. Restrictions.

- a. All investments shall be held by ASU or its agents in the name of ASU.
- b. All bank deposits, including Certificates of Deposit, which exceed Federal Deposit Insurance Corporation insurance limits shall be fully collateralized. Such collateralization shall be evidenced by bonded, third party custody receipts provided to the university.
- c. Acceptable collateral is
 1. securities of the United States government,
 2. securities of agencies of the United States government, or
 3. general obligation bonds of cities, counties, or school districts of the State of Arkansas. If bonds of cities, counties or school districts are utilized, a collateralization rate of 120% of par value is required.

3. Permissible Investments.

- a. While the types of investments which can be made with operating funds are not restricted by law to those types of investments approved by the Arkansas Department of Finance and Administration and the State Board of Finance, ASU's investment of operating funds shall be accomplished in voluntary compliance.

B. ENDOWMENT FUNDS

University endowments are invested in accordance with the ASU Foundation Investment Policy. The Foundation invests funds in accordance with the policies developed by the Joint Committee on University Investments. Members of the committee represent Arkansas State University and its related entities, and serve at the approval of the University President. Foundation policies regarding

investments are documented in the Foundation's Statement of Investment Policy. For more information regarding the policy, please contact Advancement Services at 910-8261.

C. ANNUAL AUDIT

1. Endowment funds held by Arkansas State University are subject to an annual independent financial audit conducted by the Legislative Audit Division of the Legislative Joint Auditing Committee.
2. Findings contained in Legislative Audits are reviewed annually by the Arkansas State University Board of Trustees.

Reviewed on 06/28/13.