241-001-E: RESTRICTED & OPERATING FUNDS INVESTMENT POLICY

I. Introduction

The effective management of University Corporation investments is the responsibility of the Board of Directors. The investment management responsibilities of the Board differ from those of the management of commercial organizations. The University Corporation shares many of the characteristics of a college or university in that it is exempt from income and capital gains taxation, has fiduciary responsibility for a significant amount of perpetual funds, and needs both current income and indefinite future protection of the purchasing power of these perpetual funds.

Additionally, the administrative responsibility for restricted funds received to provide current assistance to the University’s instructional programs carries with it the need to invest these funds to provide funding for the cost of administration.

The investment of proprietary funds generated by commercial activities is almost totally within the control of the Board of Directors. Few investment constraints exist except in the area of real estate and non-related business activities. Care must be exercised to avoid any unwise investment that could bring discredit to the University Corporation or endanger its financial viability, but the Board has relative freedom in investing proprietary funds.

II. Policy

The University Corporation at Monterey Bay (“University Corporation”) will comply with the California State University, Chancellor’s Office Investment Policy. The University Corporation would like to obtain the best possible return commensurate with the degree of risk that the University Corporation is willing to assume in obtaining such return. The primary objective of the University Corporation is to safeguard the principal. The secondary objective is to meet the liquidity needs of the University Corporation. The tertiary objective is to return an acceptable yield.

The Executive Director will invest the available funds of the University Corporation in the most appropriate asset allocation, taking into consideration the following factors:

1. The length of time the funds will be available to invest,
2. The projected risk and return of appropriate asset classes as determined by the investment consultant and committee.
III. Investment Accounts

The University Corporation is free to invest in marketable securities managed by a professional money manager in a collective trust, mutual fund or separately managed account, subject to the guidelines outlined below.

IV. Procedures

A. Responsibility and Authority: The Executive Director shall have the responsibility and authority to direct the investment of funds for the University Corporation.

B. Socially Responsible Investing: In accordance with the University Corporation’s adoption of the Socially Responsible Investing Policy, the Investment Committee shall review the accounts on an annual basis. This evaluation will ascertain that the corporations in which these funds are invested are acting in a socially responsible manner in their business dealings abroad.

C. Treasury Function: The Director of Auxiliary Accounting shall be designated to handle the duties of managing the treasury functions for the University Corporation.

D. Investment of Funds: From time to time, the Director of Auxiliary Accounting shall report to the Executive Director that there are excess funds to invest. The Executive Director shall authorize the transfer of funds to the appropriate investment accounts.

E. Withdrawal of Funds: From time to time, the Director of Auxiliary Accounting shall report to the Executive Director that invested funds are required for current disbursements. The Executive Director shall authorize the withdrawal of funds from the appropriate account(s) and direct that those funds be deposited into the University Corporation’s bank accounts.

F. Movement of Funds between Accounts: At a time permitted by the type of investment account or fund, the Executive Director may authorize moving funds from one account to another.

G. Accounting and Reporting: The Director of Auxiliary Accounting shall be responsible for making the appropriate accounting entries to properly account for investment and withdrawal of funds and recording of investment gain or loss.

The employee assigned the treasury duties for the University Corporation shall maintain a schedule or schedules of the investments, withdrawals, and investment gains or losses. This employee shall prepare monthly reports for distribution to the University Corporation Executive Director, the Director of Operations, and the Director of Auxiliary Accounting.
An annual investment report will be presented to the Investment Committee. Upon review and approval by the Investment Committee, the annual investment report will be presented to the University Corporation Board of Directors. If there is sufficient significant investment activity and should the Investment Committee deem it appropriate, quarterly investment reports may be presented to the Investment Committee for review and approval prior to presentation to the University Corporation Board of Directors.

V. Adoption and Review


B. This Investment Policy will be reviewed at least annually to ensure its consistency with the University Corporation’s liquidity needs, investment objectives and expectations, and risk tolerance. The Investment Policy will also be reviewed to ensure its compliance and relevance to the current law, financial and economic trends, and to meet the cash flow requirements of the University Corporation.

Any proposed amendments or variations to this policy would require a majority approval by the University Corporation Board of Directors.

VI. Related Documents

A. 241-002: Socially Responsible Investing Policy

B. RFIN 01-97-03: The California State University Investment Policy