

## **Policy 3-050: University of Utah Investment Policies**

### **I. Purpose and Scope**

To provide for the implementation of and 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 Board of Regents Policy R541 for University investments, deposits, and donated securities wherein:

- A. Public and State Funds are governed by the State Money Management Act.
- B. Institutional Funds are governed by the Uniform Prudent Management of Institutional Funds Act. The University of Utah 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.
- C. All other funds not identified above are governed by the Rules of the State Money Management Council or under Board of Regents Policy R-541.

### **II. Definitions**

- A. Institutional Funds - Means a fund held by an institution exclusively for charitable purposes. Institutional fund does not include: program-related assets; a fund held for an institution by a trustee that is not an institution; 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 operating funds.
- B. 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:

1. State appropriations
2. Grants and contracts
3. Gifts
4. Tuition and fees
5. Patient revenues
6. Auxiliary enterprises revenues

C. Public Treasurer - University official who has the responsibility for the safekeeping and investment of any public funds.

### **III. Policy**

#### **A. Public Treasurer**

1. Appointment: 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 from the Vice President of Administrative Services. Upon the approval of the Trustees, the President may recommend that the authority for appointing the public treasurer be delegated to the Vice President of Administrative Services.
2. Authority: 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 guidelines.

3. Supervisory Approval: The Chief Investment Officer 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 Services.

B. Authority to Manage Public/State Funds and Institutional Funds

The Chief Investment Officer has the overall authority to manage the University's public and state funds and institutional funds. Under the oversight of the Chief Investment Officer, investment decisions for public and state funds may be delegated to another University official to serve as public treasurer.

C. Authority to Engage in Investments

1. Authority to enter into investment transactions in behalf of the University shall be limited to only those individuals listed in the University's corporate resolution(s), which document(s) also describes the limitations of their transaction authority.
2. No person may engage in any investment transactions on behalf of the University except as provided for under the terms of this policy.

D. Daily Cash Requirements

The Investment Management Office shall manage the daily cash requirements (operating funds) for the University in accordance with the State Money Management Act and the University of Utah Banking Policy.

E. Investment Pools or Portfolios

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

2. Similar funds may be combined into investment pools or portfolios upon the approval of the Vice President for Administrative Services after consultation with the Chief Investment Officer.
3. Separate 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, and the Uniform Prudent Management of Institutional Funds Act, or Board of Regents Policy R541, under which the investment pool or portfolio will be governed,
  - b. Ensure compliance with written donor directives relating to gifts, devise, or bequests, (see paragraph G),
  - c. Ensure compliance with any legal restrictions, such as bond covenants or trust agreements.
  - d. If applicable, seek to meet investment objectives as outlined in either the Cash Management Pool Investment Guidelines or the Endowment Pool Investment Guidelines to help provide funding for the various operating or educational needs within the University (see paragraph H).

#### F. Separate Investments

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.
  - 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 (see paragraph E).

- b. The Vice President for Administrative Services approves such an investment, after consultation with the CIO, as long as such an investment is in accordance with the appropriate governing regulations.
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.
3. Such funds or securities that are separately invested may be consolidated into like portfolios with other securities that also have specific investment restrictions.

#### G. Donated Securities

1. Securities received by gift, devise or bequest, whether outright or in trust, shall be sold by the Investment Management Office as soon as practical in accordance with the Rules of the Money Management Council (R628-2-5), and Board of Regents Policy (R541-4.6.1.2) 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.

2. Holding such securities as noted above are deemed to be in compliance with the Rules of the State Money Management Council (R628-2-3), and Board of Regents Policy (R541-4.6.1.2).

#### H. Guidelines for Investment of Public/State Funds and Institutional Funds

The Investment Management Office, 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 Board of Trustees prior to their implementation.

Periodically, the Investment Management Office, along with the Investment Advisory Committee shall conduct a review of the guidelines.

1. Public and State Funds are subject to the Cash Management Pool Investment Guidelines.
2. Institutional Funds in the Endowment Pool are subject to the Endowment Pool Guidelines.
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. 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.
5. Funds being invested that may not fall under a guideline shall be invested in accordance with the appropriate governing regulation.

#### I. Beneficial Interests not owned or held by the University

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

#### J. Donated Security Brokerage Accounts

The Investment Management Office shall have the responsibility in establishing, maintaining, monitoring, and if necessary, terminating any donated security brokerage accounts. Transaction authority shall be restricted to those University officials listed in the University's corporate resolution(s).

#### K. Investment Reporting

1. The Investment Management Office shall submit monthly investment reports to the secretary of the University's Board of Trustees within the required time frame established by the Board but no later than 60 days from month's end.
  - a. Such 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 end. These reports shall provide a description of the asset including the cost and market value amounts for each investment where applicable.
  - b. The secretary shall place the report on the agenda of the next regular council meeting.
  - c. No later than 3 calendar days prior to each regularly scheduled monthly meeting of the Board of Trustees, the Vice President for Administrative Services shall have delivered to the Trustees a copy of the investment reports as described above along with any comments or explanations.
2. The Board of Trustees chair shall review the investment reports prior to the Trustees meeting and may request additional information or explanations from any University official or employee.

- a. During the Trustees meeting, the chair shall present the investment reports to the Trustees with any comments or recommendations she/he wishes to make.
  - b. The Trustees, after receiving the investment reports, shall approve or reject the reports.
3. Within 30 days, after the Board of Trustees' action(s), the university shall submit to the Office of the Commissioner for Higher Education (OCHE) a copy of the investment reports as submitted to the Trustees. These reports shall be accompanied by a transmittal letter from the President of the University, which shall state that the President has reviewed the reports, whether or not the president has approved the reports, and any actions taken by the Trustees regarding the reports.
4. Each year, the University shall prepare a summary report of its money management activities for the prior fiscal year on the forms provided by the OCHE. This report shall include the University's Internal Auditors opinion regarding:
  - a. The fairness of presentation of the report in accordance with generally accepted accounting principles; and
  - b. Compliance with applicable state statutes, in particular, the State Money Management Act, Rules of the State Money Management Council, the Uniform Prudent Management of Institutional Funds Act, the State Board of Regents Policy R541, and University investments policies.
  - c. The University administration shall also provide a copy of the report to the chair of the Business Affairs/Capital Facilities Committee of the Board of Trustees who shall present the report's findings and conclusions to the Trustees.
  - d. This report shall be submitted to the Board of Trustees.



- e. This report shall be forwarded on to the Board of Regents.

#### **IV. Rules, Procedures, Guidelines, Forms and other Related Resources**

A. Rules *[reserved]*

B. Procedures *[reserved]*

C. Guidelines

[Cash Management Pool Guidelines](#)

[Endowment Pool Guidelines](#)

[Endowment Pool Investment Implementation Strategy](#)

D. Forms *[reserved]*

E. Other Related Resource Materials *[reserved]*

#### **V. 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 Section Title 51, Chapter 08](#), (Uniform Prudent Management of Institutional Funds Act (UPMIFA))

D. [Utah State Board of Regents Policy R541](#) - Management and Reporting of Institutional Investments

E. [Policy 3-051](#), Banking Services

F. [Policy 1-006](#), Conflict of Interest Policy

#### **VI. Contacts**

Questions about this Policy and the related Rules, Procedures, Guidelines and Forms should be directed to: Chief Investment Officer

Requests for exceptions to this policy should be directed to the VP for Administrative Services.

## VII. History

Renumbering: Renumbered as Policy 3-050 effective 9/15/2008, formerly known as PPM 3-5.

### A. Current version-- Revision #9

Approved by Academic Senate: May 4, 2009

Approved by Board of Trustees: May 12, 2009

Effective date: May 12, 2009

Approved by Board of Regents, July 17, 2009

Editorially changed to update Rules, Procedures, references; August 5, 2009.

Editorially changed to update Rules, R3-050C; November 9, 2009

Guideline G3-050B updated; September 28, 2015

### B. Earlier versions

Revision 8: effective dates November 1, 2005 to May 11, 2009

Revision 7: effective dates January 7, 2005 to October 31, 2005

Revision 6: effective dates January 25, 1990 to January 6, 2005

Revision 5: effective dates September 11, 1989 to January 24, 1990