

INVESTMENT MANAGEMENT POLICY FOR NON-ENDOWED FUNDS

Purpose

To provide effective, ethical, and consistent guidelines for the investment of Jackson State University's excess funds.

(In this context, excess funds would be defined as cash balances that arise in the normal course of business operations that are not required at that point in time to maintain adequate bank balances or to repay outstanding financial obligations.)

General Guidelines

- The University shall practice a conservative investment strategy to seek the best yield available consistent with safety, liquidity, University concerns and the Mississippi Code, 1972 Annotated, as amended, to achieve the objectives of:
 - Safety of Principal – this is the prime objective of the investment program. Every effort should be made to minimize risk.
 - Liquidity – adequate liquidity should be maintained to meet projected and unexpected cash needs.
 - Yield of Investments – all reasonable efforts should be made to realize the highest return per investment dollar while minimizing risk and retaining liquidity.

- At a minimum, the yield on investments should be sufficient to preserve and to attain a rate of return equal to the rate established by Higher Education Policy Institute (HEPI).

- Fixed income and money market instruments will be used to provide predictable and dependable income.

- No more than 20% of the investment portfolio should be placed in any one security type, except in U.S. Government securities. The investment portfolio shall be diversified in order to provide reasonable assurance that a single security's market or company's credit will not have a disproportionate impact on the total portfolio.

- Performance will be compared to the appropriate indices and reported on a quarterly basis. The 90-day T-Bill rate and the Lehman Brothers aggregate bond index are a couple of indicators utilized to measure performance.

- Whenever possible, investment securities purchased by Jackson State University will be delivered against payment and held in a custodian or safekeeping account in a State approved depository. This will protect against delivery failures and serve to concentrate investments into one location. Securities shall be delivered from custody or safekeeping only against payment.

- The Treasurer shall exercise full discretion, within policy limits, to select individual investments and to diversify the portfolio. However, notification must be given to the Senior Vice President for Finance and Operations of all invested funds.
- The University has delegated authority to the Treasurer to obtain investment and financial advisory services.

Approved Investments and Restrictions

- In accordance with Section 27-105-33 of the Mississippi Code 1972 Annotated, the following instruments are authorized for investment:
 - Direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States and the maturity date is in accordance with Section 27-105-33 of the Mississippi Code 1972 Annotated.
 - United States Government agency, United States Government Instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government of the United States, such as the Government National Mortgage Association, or which are guaranteed by any United States Government agency, United States Government instrumentality or United States Government sponsored enterprise and the maturity date is in accordance with Section 27-105-33 of the Mississippi Code 1972 Annotated. However, obligations enumerated in this subparagraph are not to exceed (50%) of all monies invested under this policy.
 - Direct security repurchase agreements of any federal book entry of the aforementioned US Treasury or Government obligation.
 - Time certificates of deposit or interest bearing accounts with qualified State depositories. At the time of investment, the interest rate on such certificates of deposit shall be a rate not less than the equivalent yield on direct obligations of the United States Treasury with a similar length of maturity. Any interest bearing deposits or certificates of deposit shall not exceed at any time the amount insured by the Federal Deposit Insurance Corporation in any one (1) savings and loan association, or other deposit insurance corporation approved by the State Treasurer equal to 105% of such deposits in accordance with Section 27-105-5 Mississippi code of 1972 as amended.

Special Provisions

The University has made a commitment to support minority businesses. Therefore, the University will invest funds in minority-owned financial institutions in accordance with the “Agreement for Deposit of Funds” when an acceptable yield can be obtained or negotiated.