



UNIVERSITY
of ARKANSAS
AT PINE BLUFF
—1873—

INVESTMENT POLICY

Purpose

The purpose of this investment policy is to establish guidelines for the investment and protection of university operating funds in order to ensure that the university's investments are duly authorized, properly managed, and adequately protected.

This policy also provides an overview of the endowment investments held at the University of Arkansas Foundation, Simmons First Trust Company and Relyance Bank.

Investment Policies

I. Operating Funds

Investment Objectives

The primary objective of our cash management system is to provide for day-to-day funding needs (liquidity) so that current transactional requirements and obligations can be met. To accomplish this objective, cash is maintained in interest bearing checking accounts and excess cash is reduced and made available to generate investment income. Safety of university assets is also a principle concern of our cash management and investment program. Every effort is made to mitigate both credit risk and interest rate risk for all funds deposited or invested.

Third Party Custodial Agreements

- A. All securities purchased by the University or by its approved Investment Manager(s) under this Policy shall be properly designated as an asset of the University of Arkansas at Pine Bluff and held in safe keeping by a third party custodial bank or other third party custodial institution.
- B. All banks having deposits for the University shall have adequate collateral pledged to cover such deposits including certificates of deposit as well as any other deposited funds. For U.S. Treasury Securities and Government Agency securities purchased by the University, banks must provide safekeeping receipts, collateral agreements, custodial agreements, and a listing of the correspondent bank actually holding the security.

Permissible Investments

The University invests excess cash in certificates of deposits at local banks. Local banks are contacted by the Cashier's Office Supervisor and asked to provide a rate quote on a specific sum of money by a set deadline. The bank offering the highest interest percentage receives the money for the certificate of deposit. When certificates of deposits mature, they are re-bid at maturity or cashed in if the cash funds are needed to

meet current obligations. **(Currently, excess cash is being held in interest bearing checking accounts due to the low rate of return on certificates of deposit.)**

II. Endowment Funds

Overview

The University's investment portfolio consists of Title III Endowment Challenge Grants and private gifts and donations. The guidelines for investing funds from the Endowment Challenge Grant Program are governed by Part 628 of the Code of Federal Regulations (§ 628.43). Funds from the Endowment Challenge Grant Program are held at Simmons First Trust Company and Relyance Bank. Private gifts and donations are invested in accordance with the University of Arkansas Foundation's investment policy.

Endowment Challenge Grant Investment Guidelines (§ 628.43)

(a) A grantee shall invest, for the duration of the grant period, the endowment fund established under this part in savings accounts or in low-risk securities in which a regulated insurance company may invest under the law of the State in which the institution is located.

(b) When investing the endowment fund, the grantee shall exercise the judgment and care, under the circumstances, that a person of prudence, discretion and intelligence would exercise in the management of his or her own financial affairs.

(c) An institution may invest its endowment fund in savings accounts permitted under paragraph (a) of this section such as—

- (1) A federally insured bank savings account;
- (2) A comparable interest bearing account offered by a bank; or
- (3) A money market fund.

(d) An institution may invest its endowment fund in low-risk securities permitted under paragraph (a) of this section such as—

- (1) Certificates of deposit;
- (2) Mutual funds;
- (3) Stocks; or
- (4) Bonds.

(e) An institution may not invest its endowment fund in real estate.

University of Arkansas Foundation, Inc.

The University of Arkansas Foundation is governed by a twenty-two member voluntary board of directors. The University Of Arkansas Board Of Trustees appoints four of its current or past members. The volunteer advancement groups of seven University of Arkansas campuses or divisions appoint two members each, and four members are appointed at-large by the other members of the Foundation's board of directors.

<http://www.uarkfoundation.org/>

A ten-member executive committee of the board oversees the investment of Foundation funds and is responsible for developing appropriate investment policies and asset allocation guidelines. The executive committee has retained investment consultant, Cambridge Associates, to implement investment decisions within these guidelines through a dedicated outsourced CIO who is supported by a team of Cambridge and Foundation investment professionals. The Executive committee meets quarterly, or as needed, to review investment functions including but not limited to investment performance, asset allocation and investment policy.