

# MARSHALL UNIVERSITY BOARD OF GOVERNORS

## Rule No. FA-2

### INVESTMENT POLICY

#### 1 General Information

- 1.1 Scope: This policy provides a framework for the investment of Marshall University funds with the Marshall University Foundation.
- 1.2 Authority: WV Code §12-1-12d.
- 1.3 Passage Date: October 18, 2011
- 1.4 Effective Date: October 18, 2011
- 1.5 Controlling Over: Marshall University.
- 1.6 History:
  - 1.6.1 This policy replaces Marshall University Board of Governors Policy FA-8 (effective December 9, 2010).
- 1.7 Terms:
  - 1.7.1 The word “President” herein refers to the President of Marshall University.
  - 1.7.2 The words “Marshall” and “institution” herein refer to Marshall University.
  - 1.7.3 The word “Board” herein refers to the Marshall University Board of Governors.
  - 1.7.4 The word “Foundation” herein refers to the Marshall University Foundation, Inc.

#### 2 Purpose

- 2.1 The Marshall University Board of Governors may invest certain funds with the Marshall University Foundation, Inc. per West Virginia Code § 12-1-12d. The funds invested may not be more than the amount set forth in this section or as later amended. Moneys that may be invested are those subject to the administrative control of the university that are collected under an act of the Legislature for specific purposes and do not include any funds made available to the university from the state General Revenue Fund or the funds established in sections eighteen or eighteen-a, article twenty-two, chapter twenty-nine of this code. Moneys permitted to be invested under this section may be aggregated in an investment fund for investment purposes.

- 2.2 Investments shall be made in accordance with and subject to the provisions of the Uniform Prudent Investor Act codified as article six-c, chapter forty-four of the West Virginia Code.
- 2.3 This policy statement provides a framework for the management of the investment assets of Marshall University (the “Investment Pool”). Its purpose is to assist the Board of Governors in effectively supervising and monitoring the Investment Pool. The Finance, Audit and Facilities Planning Committee of the Marshall University Board of Governors or a designated subcommittee of the Board will focus on implementing and monitoring the Investment Pool in accordance with the guidelines outlined in this policy statement. The guidelines are designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while at the same time setting forth reasonable risk control parameters to ensure prudence and care in the execution and management of the Investment Pool.
- 2.4 The Investment Pool may be comprised of Operating, Mid, or Long Term Asset groups; this policy statement refers to the Investment Pool as a whole.

### **3 Responsibilities**

- 3.1 General Responsibilities of the Marshall University Board of Governors
  - 3.1.1 The Board shall establish investment policies in accordance with the Uniform Prudent Investor Act for the moneys invested with the Foundation.
  - 3.1.2 In accordance with West Virginia Code § 12-1-12d(e), the Board shall give consideration to the following:
    - a. Preservation of capital;
    - b. Diversification;
    - c. Risk tolerance;
    - d. Rate of return;
    - e. Stability;
    - f. Turnover;
    - g. Liquidity; and
    - h. Reasonable cost of fees.
  - 3.1.3 A report shall be made annually by December 31 to the Governor and to the Joint Committee on Government and Finance on the performance of investments managed by the Foundation in accordance with West Virginia Code.
- 3.2 Specific Responsibilities of the Finance, Audit and Facilities Planning Committee

- 3.2.1 Develop and promulgate a sound and consistent written portfolio strategy, addressing items such as financial and investment objectives, asset allocation, and general maintenance guidelines; e.g. diversification and quality guidelines. This written strategy shall be reviewed at least annually by the committee.
- 3.2.2 Clearly communicating the major duties and responsibilities to those who are accountable for achieving investment results and to whom specific responsibilities have been delegated.
- 3.2.3 Monitoring and evaluating results to ensure that the portfolio strategy is being adhered to and that policy objectives are being met.
- 3.2.4 Communicating with the Board on an annual basis about the portfolio strategy and investment activity.

#### **4 Objectives**

- 4.1 The objective of the policy is to ensure that the future growth of the Investment Pool is sufficient to at least offset inflation, thereby preserving the constant dollar value and purchasing power of the Investment Pool. This primary objective will be accomplished through a carefully planned and executed portfolio strategy. The objective of the portfolio strategy is to enhance the Investment Pool's long-term viability by maximizing the value with a prudent, balanced level of risk. Safety of principal, liquidity and conservative capital growth will be the guiding investment principles for asset groups that have a less than a long term time horizon.
- 4.2 The assets will be managed on a total return basis and performance compared to blended benchmarks. While the policy recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. It is not a breach of fiduciary responsibility to pursue riskier investment strategies if such strategies are balanced and in the participants' best interest on a risk-adjusted basis. The assets' investment time horizon will guide the level of risk for the asset group.