East Georgia State College
INVESTMENT POLICY

Adopted by President's Cabinet 09/27/2016

East Georgia State College is required by the Board of Regents Policy 7.5.2 to establish an investment policy that advocates sound and prudent judgement in the management of investment assets consistent with the fiduciary responsibility of the College.

Definitions

- **Investment Manager**
  An external institutional custodian for investment assets belonging to East Georgia State College. This individual manages the entire fund for the University System and meets with the Board of Regents at least once annually.
- **Endowments**
  Gifts of cash and securities to East Georgia State College, made in the past, and currently invested for the perpetual benefit of those identified in the donor's bequest. These assets are separate and distinct from similar gifts held by the EGSC Foundation.
- **Cash**
  Cash in East Georgia State College's possession that will not be expended immediately, and that have the potential to produce short-term investment income.
- **UMIFA**
  Uniform Management of Institutional Funds Act (1972)
- **The Historic Dollar Value (HDV) as defined by UMIFA**
  "The value of contributions made to an endowment fund, without increases or decreases from investment results, inflation, or other factors."
- **UPMIFA**
  Uniform Prudent Management of Institutional Funds Act (2006) – eliminates the concept of HDV and provides a prudence rule concerning the perpetual nature of endowments and the future purchasing power they represent.
- **Corpus**
  The original historic dollar value of an endowment funds plus the realized gains/losses.

Policy

- **Investment Committee**
  The investment committee exists to review investment activity and earnings. The investment committee is comprised of:
  - President
  - Vice President for Business Affairs
  - Vice President for Institutional Advancement

  The investment committee meets no less than annually to review investment performance, review earnings allocation recommendation for the next academic year, set the level of spending for the endowment, ensure that earnings, gains/losses and/or distributions are booked in a timely manner, determine the best investment options for the College, and recommend any necessary changes to this Investment Policy.

  East Georgia State College has elected to participate in the Pooled Investment Funds Program using SunTrust bank according to the University System of Georgia Business Procedures Manual section 9.2.2. The College participates in the Short Term Fund for cash and the Diversified Fund for endowments. The characteristics and investment objectives of the pooled fund that the College uses is detailed below.

Short Term Fund

The Short Term investment fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. The investment maturities in this fund will range between daily and two (2) years.

- **Investment Objectives**
    - Preservation of Principle.
    - Providing a competitive return on the short term funds of the USG participants, while providing for periodic cash needs.
    - Overall characteristic of the portfolio shall be of U.S. treasury and agency quality, and holdings shall be well diversified as to issuer and maturity.
    - Liquidity needs generally will be met through maturities, portfolio structure, and interest income.
- **General Investment Guidelines**
    - Investments shall be in conformity with Regents policy and applicable federal and state laws.
    - The investment manager is authorized to make investment changes as deemed necessary and in accordance with the objectives and guidelines set forth by the Board of Regents Business Procedures Manual on a discretionary basis.
    - The investment manager will meet as necessary, but at least once a year, with the BOR to review investment strategies and investment objectives.
    - The investment manager shall prepare investment performance results on a quarterly basis. Results will be compared against the Money Net All Taxable Index and the Georgia Funds (LGIP Pool).

Diversified Fund

The Diversified Fund is designed to gain further diversification and increase exposure to assets that have lower correlation to equity and bond markets by utilizing alternative asset classes. In addition, this fund is constructed to build an optimal portfolio where return is increased and risk is reduced.

- **Investment Objectives**
    - The overall character of the portfolio should be one of above-average quality, possessing, at most, a moderate degree of investment risk.
    - The investment objective shall be to seek a reasonable and meaningful total rate of return with emphasis on capital appreciation.
    - For comparative purposes, the stock portion of the portfolio will be reviewed over a full market cycle relative to the results achieved by the Standard & Poor’s 500 Index.
    - The bond portion of the portfolio will be measured against the Lehman Aggregate Index.
- **General Investment Guidelines**
    - The investment manager will give frequent and active attention to the fund to develop and implement strategy.
    - The investment manager is authorized to make investment changes as deemed necessary and in accordance with the objectives and guidelines set forth by the Board of Regents Business Procedures Manual on a discretionary basis.
    - The investment manager will meet as necessary, but at least once a year, with the BOR to review investment strategies and investment objectives.

Spending Plan

The Short Term Fund used for cash requires no minimum investment, and funds can be invested or withdrawn according to need. For endowment funds where the donor has not provided specific instructions, investment return of the College's endowment funds is predicated on the total return concept. Annual payouts from the College's endowment funds are based on a spending policy which limits spending to 4% to 10% of the endowments principal's market value as of the previous fiscal year end. In the event that earnings do not meet expectations, distributions will be suspended when the balance falls below 110% of the historic dollar value or 80% of the previous fiscal year end balance, whichever is greatest.