

INVESTMENT POLICY

I. NAME

This document shall be called the Investment Policy.

II. PURPOSE

The purpose of this policy is to delegate authority and responsibility and to provide guidelines related to the investments of the Associated Students (AS).

III. DATE OF EFFECTIVENESS

This policy shall be effective upon approval of the AS Board of Directors (BOD).

IV. AMENDMENTS

This policy may be amended by a 2/3 majority vote of the AS BOD.

V. DELEGATION OF AUTHORITY AND RESPONSIBILITY

In the management of the Company's investments, personnel having authority to commit the AS are the Financial Services Director and the Executive Director. Each of these persons has the authority to invest for the AS as follows:

- A. Cash and Cash Equivalents and Other Investments With No Risk to Principal
 1. Each of the above persons may individually invest in any investment vehicle due within one year, with no limit on the amount per investment transaction.
 2. Any investment vehicle with an over one-year to a three-year maturity, regardless of amount, requires the prior approval of the Financial Services Director and the Executive Director.
 3. Any investment vehicle in excess of a three-year maturity, regardless of amount, requires the prior approval of the Investment Committee.
- B. Investments With Risk to Principal
 1. All equity and other investments with risk to principal, regardless of the amount, require approval of the Financial Services Director.
 2. Individual transfers between \$500,001 and \$1,000,000 to investments with risk to principal require approval of the Financial Services Director and the Executive Director.
 3. Individual transfers over \$1,000,000 to investments with risk to principal require approval of the Financial Services Director, the Executive Director, and the Investment Committee.

Investments not specified above require approval of the Investment Committee.

Investment Committee approval may be acquired with a documented poll if necessary.

VI. GENERAL GUIDELINES

In conformity with the California State University Auxiliary Organization Compliance Guide, Section 10.4, the AS may use a wide range of investment vehicles, including certificates of deposit, debt instruments, equity securities, real estate, or other forms of investments which benefit the investment programs of the organization and the educational mission of the

University. The only specified limitations relate to the investment of student body funds, restricted funds, and trust funds.

In its investment decisions, the Investment Committee and AS staff should follow the general standard of care required by the “prudent person rule” included in the California Corporations Code. This rule requires that duties be performed in good faith, in a manner believed to be in the best interests of the corporation, and with the same care and reasonable inquiry that an ordinary person of discretion and intelligence would exercise.

All investments shall be made in a manner that ensures sufficient funds to meet daily operational cash-flow requirements and any AS BOD approved cash reserves held for future projects.

The overall investment portfolio mix should meet the goals of: 1) achieving a rate of return superior to the rate of inflation over a market cycle of three to five years; 2) reducing volatility; and, 3) preserving the safety of principal.

The AS Financial Services Office will maintain a file for each investment vehicle. Minimum contents will include official outside acknowledgment of the investment no later than 45 days after the investment has been made. If the investment requires special management, Investment Committee, or AS BOD approval, a copy of that approval should also be in the file.

All negotiable securities will be held in safekeeping with the agent used to purchase the securities. Certificates of deposit will remain with the bank or savings and loan, and the AS will request a safe-keeping receipt from the institution.

The purchase and sale of equity securities will be transacted with national firms or reputable securities dealers approved by the Investment Committee. The Financial Services Director shall keep the Investment Committee informed of all brokers utilized.

All investment activity and rates of return will be reported at least quarterly to the related Government Affairs Committee, Associated Students Facilities Committee, or Associated Students Businesses Committee and to the Investment Committee.

VII. LIMITATIONS AND RESTRICTIONS

Investment of Activity Fee funds must be approved by the University’s chief fiscal officer. In compliance with Education Code of the State of California, all Activity Fee funds must be invested within the State of California.

Investment of Student Union funds must be approved by the University’s chief fiscal officer.

All trust funds must be invested in accordance with the related trust agreement.

Certificates of deposit are not to exceed the current FDIC limit per institution.

The following types of transactions are considered to be speculative and are therefore prohibited: selling short, margin trades, commodity futures.

All investments must adhere to the overall goals and mission of the AS, to any subsequent related AS policies, and to the provisions and limitations of the Education Code and Government Code of the State of California.

Approved BOD: 5-6-94
Clean-up Changes: Summer 1999
Revisions Approved BOD: 3/11/02
Revisions Approved BOD: 9/9/14
Summer 2022 Cleanup