

SECTION: **POLICY STATEMENT - GENERAL AND ADMINISTRATIVE**

SUBJECT: **INTERNAL INVESTMENT FUND – INVESTMENT GOALS, OBJECTIVES AND POLICIES**

PURPOSE: To provide investment management direction from the Board of Directors concerning the Internal Investment Fund.

EFFECTIVE DATE: **September 10, 2004**

HISTORICAL: March 14, 2003; September 10, 2004

INTERNAL INVESTMENT FUND
INVESTMENT GOALS, OBJECTIVES AND POLICIES

I. GOALS AND OBJECTIVES

- A. Business Objectives.** Underlying the Fund's Investment goals is its need to effectively manage Cal Poly Corporation ("CPC") operating cash requirements as well as to provide for the following:
1. Steady income to partially fund the CPC's Administrative and Management budget.
 2. Funding for advances to Campus Program accounts for projects and operations as approved by the Board of Directors.
 3. Management of notes receivable related to appropriate non-campus investments.
- B. Investment Return Objectives.** Provide a return on investment of available cash which:
1. Is reasonably stable and predictable from year to year.
 2. Equals or exceeds the 90-day Treasury bill rate on a consistent basis.
- C. Preservation of Capital.** Protect the asset values by minimizing market value risks.

II. INVESTMENT POLICIES

- A. Permitted Investments.** Typical investments may include, but are not necessarily limited to:

Instrument	Description
Cash Management Accounts or Short-Term Bond Funds —offered by reputable industry leaders.	Savings vehicles of indeterminate length with a variable rate of return.
Certificates of Deposit —a term three years or less	Timed investments issued by either a Savings and Loan or Commercial Bank with a fixed rate of return.

B. Other Permitted Investments include:

1. Advanced Funds. For purposes of this policy, advanced funds are defined as funds provided to University departments for a specific project or program. The term of the advance will require repayment and may or may not provide for return on investment. The advance may or may not be secured. Advanced funds must be requested in writing by the Office of the President. The CPC Executive Director has authority to approve requests up to \$250,000 and will report the advance to the Board of Directors as soon as feasible. Requests greater than \$250,000 must have the approval of the Board of Directors.
2. Program Investments. For purposes of this policy, program investments are defined as loans made with the expectation that the note will be readily marketable and provide a return on investment. They are typically secured by personal or real property. Any program investment must ultimately benefit the purpose of a University or CPC program. Program Investments must have the approval of the Investment Committee.
3. Investments that meet the security, liquidity and yield requirements of the Internal Fund and are approved by the Investment Committee.

C. Socially Responsible Investing. The Board of Trustees of the California State University adopted a resolution urging auxiliary boards which make corporate investments to issue statements of social responsibility and to follow those precepts in examining past and considering future investment policies. The CPC Board of Directors recognizes and accepts its social responsibility with respect to the investment of funds.

III. INVESTMENT MANAGEMENT GUIDELINES

- A. Investment Discretion.** Those individuals designated by Board of Directors' resolution to administer investment activities will have full discretion to invest the assets of the Fund in a prudent manner, consistent with the Fund's objectives and within guidelines that may be established by the Investment Committee.
- B. Management/Committee Communications.** Management staff assigned responsibility for the investment of Internal Fund assets will conduct the

investment program in accordance with this policy and oversight by the Investment Committee.

Management is expected to promptly advise the Investment Committee of any problems or changes within the investment activities that could require changes in policy.

- C. Reporting. After the end of each calendar quarter, management will report to the Investment Committee. This report will provide information on asset allocation, rate of return and significant transactions.

IV. **SPENDING RULES**

Appropriations of investment earnings will be made periodically as follows:

- A. All investment earnings will be recorded in the general investment accounts to facilitate the reporting on total investment activities.
- B. Interest credits, based on Wells Fargo Bank Money Market rate, can be transferred to individual Campus Program Fund accounts at the Executive Director's discretion.
- C. The remaining income from the Internal Investment Fund will be transferred to the General and Administrative Budget.