Section: Policy Statement – Fiscal

Subject: General Investment Policy

Purpose
To provide general guidance relative to the delegation of authority and responsibility and the policies needed.

New/Revised:

Board Adoption Date: July 10, 2000

I. Background

The investment management responsibilities of the university Center Board of Directors differ from those of the management of commercial organizations and most institutions of higher education. University Center shares many of the characteristics of a college or university in that it is exempt from income and capital gains taxation, has fiduciary responsibility for a significant amount of student funds, and needs both current income and indefinite future protection of the purchasing power of these funds.

The investment of the proprietary funds, generated by commercial activities, is almost totally within the control of the Board of Directors. Few investment constraints exist except in the area of real estate and non-related business activities. Care must be exercised to avoid any unwise investment that could bring discredit to the University Center, or endanger its financial viability, but the Board has relative freedom in investing proprietary funds. It is the intent, therefore, that this policy statement provide guidance relative to the investment vehicle permitted.

II. Policy

It is the policy of the Board of Directors that the University Center invest reserve funds and any excess funds with the objective of 100% preservation of capital at as high a yield as possible.

Aside from the funds needed to maintain current obligations which is kept in commercial banks, management is authorized to establish an account with the Local Agency Investment Fund (LAIF) which is managed by the Treasurer of the State of California.

LAIF is an investment pool managed by the Treasurer of the State of California. Money in LAIF is invested to achieve the objective of the fund, which is to realize the maximum return consistent with safe and prudent treasury management.
Deposits into LAIF offer total liquidity (within 24 hours to convert deposits into available funds) and earn interest at a rate higher or comparable to one-year term Certificate of Deposits from commercial banks.