



Policy Title	Investment Policy
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Responsible Office	Office of the President
Contact Information	Chief Business Officer (CBO) Phone: (470) 578-6755 Email: rhinds@kennesaw.edu

1. Policy Purpose Statement

The purpose of this policy is to provide guidance that ensures Kennesaw State University (KSU or the University) investments are effectively initiated, monitored, and evaluated in a manner that is in compliance with the laws of the state of Georgia and the rules established by the Board of Regents (BOR) of the University System of Georgia (USG), and that are appropriately deployed in support of the University's primary missions.

2. Background

The University follows the policy for investments established by the BOR. By choosing to invest only in pooled investment fund programs identified by BOR policy and that are managed by the Office of the State Treasurer (OST) and the BOR, KSU fulfills numerous required investment policy criteria, including:

- a. Alignment with BOR policy;
- b. Investment only in permitted types of investments;
- c. Adherence to applicable federal and Georgia laws;
- d. Establishment of asset allocation guidelines;
- e. Collateralization of invested funds where necessary;
- f. Diversification of invested funds as appropriate; and
- g. Selection of investment managers.

Because KSU focuses on the safety of principal and maintaining liquidity, there are no set spending rules for invested funds. Definitions for the pooled investment fund programs identified in BOR policy are also included below under Section 5 of this policy. Links to associated policies and procedures are provided below under Sections 7 and 8.

3. Scope (Who is Affected)

This policy affects all KSU employees involved in supervising, monitoring, evaluating, recommending, approving, and executing the University investments.

4. Exclusions and Exceptions

There are no exclusions or exceptions.

5. Definitions and Acronyms

Georgia Fund 1: Georgia Fund 1 (GF1) is the combined state general fund and local government investment pool managed by the Office of the State Treasurer; investment by KSU and other Georgia entities in GF1 is authorized by Georgia Code Annotated 36-83-1 through 36-83-3. Georgia Fund 1 is a money market fund and was rated AA+ by Standard & Poor's as of September 30, 2014. In accordance with the requirements of GASB 31, funds comprising GF1 are managed in a manner consistent with Rule 2a-7 (of the Investment Company Act of 1940) like funds. The rule places restrictions on the average maturity of a fund's portfolio (90 days or less), on the proportion of its securities holdings with less than the highest rating (no more than 5 percent of assets), and on the concentration of the fund's assets in the securities of any single issuer (no more than 5 percent of assets).

Short-Term Fund: The Short-Term Fund, available through the BOR, 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 three (3) years.

Legal Fund: The Legal Fund, available through the BOR, provides an opportunity for greater income and modest principal growth to the extent possible with the securities allowed under Georgia Code Sections 50-17-59 and 50-17-63. The average maturity of this fund will typically range between five (5) and 10 years, with a maximum maturity of 30 years for any individual investment.

Balanced Income Fund: The Balanced Income Fund, available through the BOR, is designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This fund comprises fixed income, equity, and cash-equivalent instruments.

Total Return Fund: The Total Return Fund, available through the BOR, is another pool designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This pool offers the greatest percentage of overall equity exposure, with well over half of the funds typically invested in equities.

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 in which return is increased and risk is reduced.

6. Policy

It is the policy of the University to follow the policy for investments established by the BOR, per the BOR *Business Procedures Manual*, Section 9.2. Investments. To ensure that KSU is following those standards, KSU participates only in the pooled investment fund programs included in the BOR policy and available through the Office of the State Treasurer (OST) and the BOR. The University Investment Policy also requires that:

- a. The president and the chief business officer (CBO) or his/her designee must approve any changes to the University Investment Policy.

- b. The president must provide written authorization for investments.
- c. The University investment decisions are based on the following objectives:
 - 1) The primary objective shall be to safeguard the principal.
 - 2) The secondary objective shall be to meet the liquidity needs of the campus.
 - 3) The tertiary objective shall be to return an acceptable yield while meeting the objectives of safety and liquidity.

There is no time horizon for achieving these objectives, as the primary and secondary objectives are constant. Requiring safety of investment principal and maintenance of liquidity does not expire with the passing of time.

- d. The president and the CBO or his/her designee must authorize all spending from the University's pooled investment funds.
- e. Depending on donor intent or the anticipated needs of any University department and/or groups that provide funds for investment, the controller makes recommendations as to the appropriate pooled investment fund based on the following criteria:
 - 1) Georgia Fund 1: Typically, surplus operating funds are invested in the Georgia Fund 1 investment pool for periods of up to three months.
 - 2) Short-Term Fund: Typically, surplus operating funds and auxiliary, athletic, and student account funds are invested in the Short-Term Fund when funds are not anticipated to be needed for three (3) or more months.
 - 3) Legal Fund: Typically, auxiliary, athletic, and student account funds not anticipated to be spent in the near future are invested in the Legal Fund.
 - 4) Balanced Income Fund: Typically, endowment funds are invested in the Balanced Income Fund.
 - 5) Total Return Fund: Typically, endowment funds are invested in the Total Return Fund.
 - 6) Diversified Fund: Typically, funds are invested in the Diversified Fund to build an optimal portfolio in which return is increased and risk is reduced.

Procedure

The KSU procedures for investments are as follows:

- a. The controller monitors the investment portfolio.
- a. The controller makes recommendations for investments to the CBO or his/her designee.
- b. The CBO or his/her designee submits recommendations for investments to the president for review/approval.
- c. The president provides written authorization for investments to the CBO or his/her designee.
- d. The CBO or his/her designee provides written authorization for investments from the president to the controller.
- e. The controller executes the investments based on written authorization by the president and as received from the CBO or his/her designee.
- f. The controller prepares and submits to the CBO or his/her designee an annual report on the University's investment performance, which will assert that the investments have been made in accordance with the University policy.

- g. The CBO or his/her designee submits the annual report for the University's investment performance to the president for review and approval.
- h. The president provides written authorization for the annual report to the CBO or his/her designee.
- i. The CBO or his/her designee provides the written authorization for the annual report from the president to the controller.
- j. The controller submits the approved annual report to the USG vice chancellor of Fiscal Affairs and treasurer.
- k. The controller initiates an annual review of the University Investment Policy and submits any recommendations for changes and/or additions to the CBO or his/her designee.
- l. The CBO or his/her designee submits recommendations for changes and/or additions to the University Investment Policy to the president for review and approval.
- m. The president provides written authorization for changes and/or additions to the University Investment Policy.
- n. The controller submits any updates to the University Investment Policy immediately to the USG vice chancellor for fiscal affairs and treasurer.
- o. The controller submits a reviewed, approved, and updated University Investment Policy to the USG vice chancellor for Fiscal Affairs and treasurer at least every two (2) years, per the USG *Business Procedures Manual*, Section 9.2.1 Investment Policy.

7. Associated Policies/Regulations

- a. [Board of Regents \(BOR\) Policy Manual, Section 7.5.2 Investments](#)
- b. [Official Code of Georgia Annotated Title 50 State Government, Chapter 17 State Debt, Investment, and Depositories, Article 1 General Provisions, Section 2 Agreements to resell or repurchase United States government obligations at stated rate of interest; delivery and safekeeping of such obligations; investment in authorized securities \(§50-17-2\).](#)
- c. [Official Code of Georgia Annotated Title 50 State Government, Chapter 17 State Debt, Investment, and Depositories, Article 3 State Depositories, Section 16 Deposit of demand funds; investment of funds; reports; remittance of interest earned; motor fuel tax revenues \(§50-17-63\).](#)

8. Associated Procedures

- a. [USG Business Procedures Manual, Section 9.2 Investments](#)
- b. [USG Business Procedures Manual, Section 9.2.1 Investment Policy](#)
- c. [USG Business Procedures Manual, Section 9.2.2 Pooled Investment Funds](#)
- d. [USG Business Procedures Manual, Section 20.1.6 Changes in Investment Policy](#)
- e. [USG Business Procedures Manual, Section 20.1.7 Investment Performance](#)

9. Associated Forms

There are no forms associated with this policy.

10. Violations

Individuals in violation of this policy are subject to a range of sanctions, including but not limited to disciplinary action, dismissal from the University, and/or legal action.

11. Review Schedule

The Investment Policy is reviewed annually by the president, the CBO or his/her designee, and the controller.