

# ASI/USU Investment Policy

## PURPOSE

The purpose of this policy is to delegate authority and responsibility and to provide guidelines related to the investments of the Associated Students. Inc. and University Student Union.

## POLICY

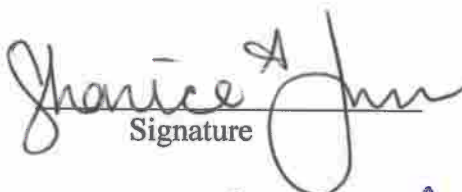
All investments shall be made in a manner that ensures sufficient funds to meet daily operational cash-flow requirements and also any Associated Students Inc. and University Student Union approved cash reserves held for future projects.

In its investment decisions, the ASI and USU Board 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 interest of the corporation, and with the same care and reasonable inquiry that an ordinary person of discretion and intelligence would exercise.

This policy was voted on and approved by the:  
ASI Board of Directors on 4/30/2013  
USU Board of Directors on: 3/6/2009

The following signatures by the ASI President and USU Chair verify the approval of the ASI and USU Board of Directors:

Shanice Jackson  
ASI President

  
Signature

5-28-13  
Date

Emily Benefield  
USU Chair

  
Signature

5.24.13  
Date

*\* This policy may be amended by a two-thirds vote of the ASI and USU Board of Directors.*

## **Regulations**

- 1.0 All investment activity and rates of return will be reported at least quarterly to the Board.
- 2.0 Prior to making any investment decisions, the Board shall review these primary investment objectives:
  - 2.1 Security of the principle
  - 2.2 Meet the liquidity needs of the organization
  - 2.3 Return an optimal yield

### **3.0 Background**

- 3.1 The investment management responsibilities of the Board differ from those of the management of commercial organizations and most institutions of higher education. The University Student Union 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 Board is committed to the students of CSU Stanislaus, as well as the Student Union bondholders.

### **4.0 Delegation of Authority and Responsibility**

- 4.1 In the management of the organization investments, personnel having authority to commit the University Student Union is the University Student Union Director with appropriate consultation with the Board.
- 4.2 Investments not specified in this policy require approval of the Board.

### **5.0 Limitations and Restrictions**

- 5.1 Care must be exercised to avoid any unwise investments that could bring discredit to the Associated Student Inc. & University Student Union or endanger its viability.
- 5.2 High-risk investments, in which there is a potential risk to the principal amount, are prohibited by this policy.
- 5.3 Care must be exercised to avoid investing beyond the maximum amount covered by deposit insurance (if indeed the investment is covered by insurance at all). The Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) are two common entities that offer deposit insurance.
- 5.4 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.
- 5.5 The University's chief fiscal officer must approve investment of all other University Student Union funds.
- 5.6 All trust funds must be invested in accordance with the related trust agreement.
- 5.7 Certificates of deposit are not to exceed the FDIC limit per institution (see <http://www.fdic.gov/index.html> for details).
- 5.8 The following types of transactions are considered to be speculative and are therefore prohibited: selling short, margin trades, commodity futures, options trading.

5.9 All investments must adhere to the overall goals and mission of the Associated Students Inc. & University Student Union and to the provisions and limitations of the Education Code and Government Code of the State of California.

#### **6.0 Acceptable Investment Types**

6.1 Deposits in trust accounts of the centralized State Treasury system (Government Code 16305, 16305.7).

6.2 Deposits in the California State University Trust Fund.

6.3 Deposits in bank(s) whose accounts are insured by the FDIC.

6.4 Certificates, shares, or accounts in state-chartered savings and loan associations and savings accounts of federal savings and loan associations as long as the associations are doing business in the state of California and the investments are fully insured by the FDIC.

6.5 Participation in funds which are exempt from federal income tax and which are open exclusively to nonprofit colleges, universities, and independent schools.

6.6 Certificates, shares, or accounts in federal or state credit unions as long as the credit unions are doing business in the state of California and the investments are fully insured by the NCUA.

6.7 Securities authorized by section 16430 of the Government Code

#### **7.0 References**

7.1 California Corporations Code: Section 5238

7.2 California Education Code: Sections 89300-89302, 89905

7.3 California Government Code: Sections 16305-16305.7, 16430

7.4 Compilation of Policies and Procedures for California State University Auxiliary Organizations: 8.3, 8.4.2, 15.7