PURPOSE

The Quasi Endowment and Current Funds Reserve Portfolio, Pool A and Pool B, has been established to provide for the needs of the university that may from time to time arise. Funding for this program shall be from the University Fund which has a July 1, 1990 market value of $1,060,000.

DEFINITIONS

Pool A is the quasi endowment portion of the reserve fund which shall be invested to provide expendable income to address needs. Funding for this Pool shall be the July 1, 1990 market value of the university fund less $300,000.

Pool B is the current funds portion of the reserve fund which is available to the university president to address needs. Funding for this pool consists of $300,000 from the university fund and interest and dividends from Pool A.

AUTHORITY, RESPONSIBILITIES AND DUTIES

The vice president for administration and finance is empowered to open accounts and invest funds contained in pool A and pool B in accordance with the policies presented below.

Pool A Policies

SPENDING RULE

1. Dividends and interest shall be deposited to Pool B as received.

2. Invasion of the principal is permitted subject to the approval of the Administration and Finance Committee of the Board of Visitors.

\footnote{Now known as the Administration and Finance Committee.}
INVESTMENT OBJECTIVE

The primary investment objective of this pool is to maximize investment income and to realize capital appreciation. A target total return for the portfolio is to generate over time a return in excess of the average of the annualized S & P 500 return and the Shearson Intermediate Bond Index.

INVESTMENT PHILOSOPHY

Prudence and conservation shall be applied to create a reliable income stream for pool B and long term capital appreciation for the principal.

INVESTMENT POLICIES

1. The pool shall be diversified both as to fixed income, equity and money market holdings. The purpose of the diversification is to provide reasonable assurance that no one single security or class of securities will have a disproportionate or significant negative impact on the total portfolio.

2. Asset allocation and length of maturity shall be consistent with the objective to realize income and capital appreciation.

3. The portfolio shall be diversified between different sectors (government agencies, corporates) and different issues within each sector.

4. Fixed income investments shall be limited to government and agency issues and corporate issues having credit ratings of A to AAA (top three) by recognized credit service.

5. Money market investments shall be governed by the university's policy for the investment of current funds. Exceptions shall be approved by the Administration and Finance Committee.

6. Equities shall be seasoned, of sound quality and with market capitalization adequate to assure market liquidity.

Pool B Policies

SPENDING RULE

1. Funds contained in this pool are available to the university president to address needs.

2. Income shall be reinvested until needed.
3. Expenditures from this pool shall be reported to the Administration and Finance committee no later than the regularly scheduled meeting following the date of expenditure.

OTHER POLICIES

Refer to Policy for Current Funds Portfolio.

CUSTODY

All securities will remain in the custody of the university or its custodian bank.

REFERENCES

University Policy for Current Funds Portfolio.

Uniform Management of Institutional Funds Act.

POLICY REFERENCE

This policy replaces Board of Visitors policy number 1633 titled Goals and Policies for the University Fund.