

**UNIVERSITY OF ARKANSAS SYSTEM
DIVISION OF AGRICULTURE
COOPERATIVE EXTENSION SERVICE
Investment Policy**

Purpose

The purpose of this Investment Policy is to define management responsibility and authority for investment transactions, and to identify investment objectives, strategy and guidelines. This policy pertains primarily to investing operating funds maintained by the University of Arkansas System Division of Agriculture – Cooperative Extension Service (CES).

Responsibility and Authority

CES management is responsible for the oversight and monitoring of the investing of operating funds, with the Associate Director for Finance and Administration/CFO having the authority to invest these funds. Individuals identified by the Vice President for Agriculture in accordance with UA Board Policy 305.1, *Bank Depositories and Fiscal Controls*, have authority to invest funds (Attachment A).

Individuals responsible for managing CES investments will perform their duties in a manner consistent with the standard of a “prudent person”. This standard requires that a fiduciary entrusted with funds for investment may invest such funds only in Securities that any reasonable individual interested in receiving a good return of income while preserving his or her capital would purchase.

Objectives

The investment objectives include safety of principal, maintenance of liquidity, and return on investment. Preservation of the principal investment is most important, so investments should be considered carefully to ensure this preservation. The Associate Director for Finance and Administration/CFO should also ensure that operating funds remain sufficiently liquid in order to meet current obligations, such as payroll, accounts payable, capital projects, debt service, etc. The funds invested shall be managed to obtain a market rate of return (or higher), taking into account the risk constraints and cash flow requirements.

Strategy and Guidelines

In order to determine the amount of excess cash available for investing, the Associate Director for Finance and Administration/CFO should develop and utilize cash management procedures. Cash management procedures shall provide guidelines for forecasting excess cash available. The cash forecasting information will strategically determine the need for short-term investments (three months to one year) and long-term investments (one year or longer).

Authorized Investments

This policy authorizes investment of operating funds in the following types of securities:

Insured and collateralized bank deposits
Money market funds
Certificates of deposit
Security repurchase agreements
Unites States Treasury Obligations
Unites States Government Agency Obligation
External investment pool sponsored by the UA Board of Trustees or UA Foundation, Inc.

Collateralization of Bank Deposits

All cash and other bank deposits maintained in any financial institution shall be either insured or collateralized. All bank deposits in excess of the amount protected by the Federal Deposit Insurance Cooperation (FDIC) shall be collateralized in accordance with this policy. The campus shall have either legal title to, or a prior perfected security interest in, the investments constituting the collateral. Collateral shall always be held by an independent third party custodial agent. A clearly marked safekeeping receipt will be maintained as evidence of ownership. The right of collateral substitution is allowed with the advanced written permission of the Associate Director for Finance and Administration/CFO.

Competitive Selection of Certificates of Deposit

When choosing to invest in certificates of deposit, multiple banks will be contacted to request rate quotes for the dollar amount and time period for each investment. The funds will be invested with the bank providing the highest rate of return with sufficient securities pledged by the bank.

Summary

Investment decisions and information shall be periodically evaluated by the Associate Director for Finance and Administration/CFO to determine if the investment objectives of the campus are being met and to provide direction for the campus if changes are needed in order to maximize the total return for all investments.

Substitution

If the Associate Director for Finance and Administration/CFO is absent for an extended period of time or the position is vacant, the Director of Financial Services shall fulfill the role of the Associate Director for Finance and Administration/CFO as it relates to this policy.

ATTACHMENT A

In accordance with UA Board Policy 305.1, *Bank Depositories and Fiscal Controls*, any two of the following individuals are jointly authorized to assign, sell, or otherwise dispose of any and all registered United States securities or securities for which the Treasury Department acts as transfer agency and any and all securities, including stocks and bonds.

Kyleen W. Prewett, Associate Director for Finance & Administration/CFO

Jackie Yarbrough, Director of Financial Services

Approved by: Mark J. Cochran 7/13/16
Vice President for Agriculture Date