



OP 62.03: INVESTMENT POLICY

PURPOSE

The purpose of this policy is to provide efficient, ethical, and consistent guidelines for the investment of Mississippi State University excess funds. In this context, excess funds would be defined as funds in the university's accounts not required at that point in time to maintain adequate bank balances or to repay outstanding financial obligations.

Although not specifically applicable to Mississippi State University, it is the intent of this policy to, at a minimum, meet the requirements of compliance with the following Sections of the Mississippi Code, 1972 Annotated:

Section 37-59-43 Investment of Surplus Funds

Section 27-105-33 Deposit and Investment of Excess State Funds

OBJECTIVES

1. Safety of Principal – This is the prime objective of the investment program. Every effort should be made to minimize risk.
2. Liquidity – Adequate liquidity should be maintained to meet projected and unexpected cash needs. Adequate liquidity requires that an investment instrument can be sold on the secondary market without substantial loss of principal. Since it may become necessary to liquidate invested funds to support operational cash flow needs at the university as well as support the university's commercial paper capital financing program, the liquidity associated with each investment will play a critical role in determining the suitability of the investment.
3. Duration – The duration of the investments should be structured in a manner that supports cash flow needs and maximizes yield.
4. Yield of Investment – All reasonable efforts should be made to realize the highest return per investment dollar while minimizing risk and retaining liquidity.
5. Risk – All risks, including interest rate risk, credit risk, concentration risk, custodial credit risk and foreign currency risk should be taken into account in the investment of excess funds.

APPROVED INVESTMENTS AND RESTRICTIONS

The following instruments are authorized for investments:

1. Direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States and the maturity date of which does not exceed ten years from the date of purchase.
2. United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government of the United States, such as the Government National Mortgage Association, or which are guaranteed by any United States Government agency, United States Government instrumentality or United States Government sponsored enterprise. Obligations enumerated in this subparagraph are not to exceed fifty percent (50%) of all monies invested under this policy and the maturity date of which does not exceed ten years from the date of purchase.
3. Time certificate of deposit or interest-bearing accounts with qualified state depositories. The maturity date must not exceed ten years from the date of purchase. At the time of investment, the interest rate on such certificates of deposit shall be a rate not less than the bond equivalent yield on direct obligations of the United States Treasury with a similar length of maturity. Any interest-bearing deposits or certificates of deposit shall not exceed at any time the amount insured by the Federal Deposit Insurance Corporation in any one (1) banking institution, or other deposit insurance corporation approved by the State Treasurer unless the uninsured portion is collateralized by pledged securities to the State Treasurer equal to 105% of such deposits in accordance with Section 27-105-5 Mississippi Code of 1972 as amended.

OPERATING PROCEDURES

Investment Managers – All excess funds will be invested with selected investment managers, including the IHL selected investment manager.

Safekeeping – All Investment securities purchased by the Investment Managers for Mississippi State University will be “Book Entry” transactions and will be held in custodial accounts in state approved depositories.

Purchase and Sale of Investments – All purchases and sales of investments will be handled by the investment managers and will be based on the approved investments contained in this policy.

Income Distribution – Income earned from investments made under this policy will be distributed on at least an annual basis to specific funds within the university based on the average daily claim to cash for each of these funds as a percentage of the total average claims to cash for the same period.

REVIEW

The Associate Vice President for Finance is responsible for the review of this operating policy every four years or as needed.

REVIEWED

/s/ Kevin Edelblute
Associate Vice President for Finance

5/24/2021
Date

/s/ Don Zant
Vice President for Finance

5/24/2021
Date

/s/ Tracey Baham
Director, Institutional Research & Effectiveness

5/24/2021
Date

/s/ Joan Lucas
General Counsel

5/24/2021
Date

APPROVED:

/s/ Mark E. Keenum
President

5/24/2021
Date