

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.

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

Safekeeping - All Investment securities purchased by Mississippi State University will be "Book Entry" transactions and held in a custodial account in a state approved depository, unless a special circumstance arises that requires a physical investment instrument. The Controller and Treasurer will review to ensure that the instrument is properly safeguarded when received. This will protect against delivery failures and serve to concentrate investments into one location. No due bills will be accepted under any circumstances.

Purchase and Sale of Investments - All efforts will be made to obtain competitive bids from available vendors prior to the purchase or sale of any security under this policy. These bids will be documented and become part of the background confirmation for each security held. In all cases, the bid most advantageous to Mississippi State University will be chosen.

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.

DELEGATION OF AUTHORITY

The ultimate responsibility for investment of Mississippi State University excess funds resides in the Offices of the President of the university and specifically with the Vice President for Budget and Planning. By approval of this document, authority to operate

the investment program, under the guidelines of this policy, is delegated to the Controller and Treasurer of Mississippi State University.

REVIEWED

The [Vice President for Budget and Planning](#) is responsible for the review of this operating policy every four years or as needed.

RECOMMENDED BY:

/s/ Kevin Edelblute
Kevin Edelblute
Controller & Treasurer

09/11/12

/s/ Don Zant
Don Zant
Vice President for Budget and Planning

09/11/12

REVIEWED BY

/s/ Lesia Bryant
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Director of Internal Audit

10/05/12

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General Counsel

11/01/12

APPROVED BY

/s/ Dr. Mark Keenum
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11/27/12

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