

INVESTMENT POLICY

STATEMENT OF PURPOSE

Chapter 15A of Massachusetts General Laws provides the Westfield State University Board of Trustees (Trustees) the authority to establish and manage trust funds. This Investment Policy is intended to guide the Trustees and University Administration in the investment of fund balances held in various University accounts.

SCOPE

This Investment Policy applies to funds that are not appropriated by the Commonwealth of Massachusetts. These funds are accounted for in the University's Financial Statements and are audited annually by an external auditing firm.

INVESTMENT OBJECTIVE

It is the investment objective of the University to manage the various funds so as to preserve and enhance, in real dollar terms, the principal capital and, at the same time, to create and realize a source of income for the operating and capital needs of the University.

- a. Preservation of Capital and Safety of Principal – Investment of Westfield State University funds shall be undertaken in a conservative manner that seeks to ensure the preservation of capital and safety of principal.
- b. Minimizing Price Volatility – This Investment Policy is ~~intended to discourage~~ prohibits significant investments in securities with the potential for wide price volatility, such as options, futures, derivatives, short purchases and sales, and the leveraging of the funds.
- c. Liquidity – Sufficient funds must be available to meet the University's projected cash flow needs throughout the year with particular attention to seasonal variations.

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Return on Investment

1. Income – Investment income is an integral part of the University's annual budget and long term viability. The investment portfolio of Westfield State University shall be designed to attain the optimum rate of return under various economic conditions and during periodic economic cycles. The Trustees Finance and Capital Asset Committee with the Vice President, Administration and Finance, shall oversee the investment portfolio of the University on a quarterly basis and subsequently report its findings to the Trustees at its next meeting. The reports to the Trustees shall be conducted at least semi-annually.
2. Asset Appreciation – While there may be occasional periods of price instability or deflation, it is recognized that the economy has a bias toward consumer price inflation. Therefore, asset appreciation is a significant goal to ensure that the future value of the investment portfolio is equal to or exceeds its present purchasing value. This objective is intended to ensure that the University does not experience asset value depreciation because of inflationary price changes.
3. Asset Allocation – The responsibility for establishing periodic asset allocation that is consistent with the objectives of the overall Investment Policy is under the purview of the Trustees Finance and Capital Asset Committee with specific responsibilities assigned to the Vice President, Administration and Finance. The Finance and Capital Asset Committee shall review the allocations at least annually. The investment mix selected should reflect the risk level periodically determined to be appropriate for the University investment portfolio. It is recognized that asset allocation may be more important than individual investment selections.

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DELEGATION OF AUTHORITY

Management responsibility for the investment program is hereby delegated to the Vice President, Administration and Finance who shall manage the investment program, including the possible appointment of a professional fund manager, consistent with the Trustees approved Investment Policy. No University official may execute or cause any investment transaction except as allowed or provided under the terms of this Investment Policy and specific investment procedures that may be periodically established by the Finance and Capital Asset Committee. The University's investments shall be secured through third party custody and safe keeping procedures. Bearer instruments shall be held only through third party institutions (i.e. a custodian or a trustee).

Roles and Responsibilities-The Vice President of Administration shall have the overall responsibility for implementing, management and oversight of the Investment Policy. The Assistant Vice President of Finance shall have the responsibility of implementing the investment program, including executing the related transactions, accounting and reporting of the activity. The Investment Policy related procedures shall comply with the University's Internal Control Plan.

ETHICS AND CONFLICT OF INTEREST

The Trustees, officers and employees of Westfield State University involved in the investment process are prohibited from personal business activities that could impair their ability to make impartial investment decisions. The perception of a conflict of interest must be avoided. All ethics rules and laws of the Commonwealth of Massachusetts are hereby incorporated by reference into this policy.

REPORTING

University management shall provide quarterly reports to the Finance and Capital Asset Committee and semi-annual reports to the Board.

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INVESTMENTS

With stability, liquidity, capital growth and total return as essential objectives in this Investment Policy, available funds will be invested in deposits of federally insured financial institutions or direct and fully guaranteed U.S. government securities and/or its agencies, the Common Fund (Money Market Fund or Intermediate Fund), as the Massachusetts Municipal Depository Trust (MMDT) of the Commonwealth of Massachusetts, any funds offered by banking or financial institutions licensed to perform investment services in Massachusetts and Pooled Funds with similar investment objectives, including the Westfield State Foundation.

- a. Operating Needs – Sufficient liquid funds must be available during the year to meet the University's projected liquidity and cash flow needs. To meet the projected short-term liquidity and cash flow need, the University will maintain sufficient funds in its local operating bank accounts and MMDT.
- b. Investments – The Vice President, Administration and Finance may make investments for longer intermediate terms as it seems necessary and prudent under the circumstances, consistent with projected cash flow requirements.

REVIEW

This policy shall be reviewed annually by the Vice President, Administration and Finance.