

**MURRAY STATE UNIVERSITY FOUNDATION, INC.
POLICY**

SUBJECT: Funds Eligible for Investment

DATE: October 2, 1998

PURPOSE

The Murray State University Foundation, Inc. (Foundation) receives, invests and expends funds for the enhancement and improvement of Murray State University (University).

Under the terms of gift instruments, donors often stipulate that the principal may not be spent. In these cases, the principal is to remain inviolate in perpetuity and is to be invested for the purpose of producing income. This investment income is then available for use as specified by the donor. These types of funds are called true endowment funds.

Quasi-endowment funds are similar to true endowment funds in that only investment earnings are available for expenditure. However, the Board of Trustees (or designee), upon recommendation from the party responsible for the stewardship of the funds, makes the decision to retain and invest the principal. The responsible party may request that the Board (or designee) reverse its decision at any time, allowing for invasion of the principal for the purpose(s) designated by the donor of the funds.

Unless prohibited by the gift instrument, the Foundation pools funds available for long-term investment (i.e., endowment and quasi-endowment funds) in order to provide economies in administration and accounting. The identity of separate funds is maintained through a separate balance sheet for each fund. The following policy applies to funds invested with the Foundation:

POLICY

1. Effective April 1, 1991, only endowed and quasi-endowed funds will be included in the investment pool, unless approval is obtained from the Foundation Board of Trustees (or designee) for investment of other types of funds.

2. Effective March 1, 1991, any new funds must have a principal balance of \$5,000 or more in order to be classified as an endowment or quasi-endowment. The principal of quasi-endowed funds must remain intact for at least one year from the date that the Board of Trustees makes the decision to retain the funds for investment. If the principal is invaded within one year, interest will be allocated retroactively as determined under item (4) below.

On April 17, 1998, the Board of Trustees changed the endowment policy. The changes are reflected in Section 1.04A.

3. Investment earnings on pooled investments are allocated quarterly, based on the market value of the fund's principal and reserve balances at the beginning of the quarter. Because of balance fluctuations and the need for immediate access, investment earnings are not allocated to the spendable portion of the endowment or quasi-endowment.
4. Agency funds, those funds held by the Foundation as an agent for others, will not earn interest except under direction of the Foundation Board of Trustees (or designee).
5. Cash in excess of operating needs will be used to purchase additional pooled investments. The General Fund's share of the investment pool will be increased/decreased as these additional investments are purchased or redeemed.
6. All investments will be made in accordance with the guidelines established by the Joint Investments Committee of the Foundation.

Revised: October 15, 1999
October 23, 2014
October 9, 2015
April 13, 2019