



Ohio Administrative Code

Rule 3361:20-41-01 Investments: policy for administration of invested funds.

Effective: February 10, 2020

The following policies govern the administration of the university's invested funds:

(A) Endowment fund "A"

(1) Goal

The goal of the university's endowment investment policy shall be to produce real growth in assets net of administrative and investment fees, by generating a total rate of return which is greater than, or equal to, the spending rate established by the university's endowment spending policy plus the rate of inflation. The university also elects to partially fund its development program via a fee to be taken annually from "A" pool assets.

(2) Uniform prudent management of institutional funds act of Ohio (UPMIFA)

The state of Ohio enacted UPMIFA by passing Amended House Bill 522, effective June 2009, providing standards for endowment investment management and spending. The university acknowledges its obligations under UPMIFA under the terms of paragraphs (A)(3) and (A)(4) of this rule.

(3) Guidelines

Investments in endowment fund "A" shall be made in accordance with investment guidelines approved by the investment committee and reviewed by it at least annually. Such guidelines shall require, at a minimum, that investments shall be diversified consistent with prudent investment management practices in accordance with asset allocation guidelines approved by the investment committee.

(4) Spending policy



The income distribution for endowment spending for fiscal year 2020 shall be 4.4 per cent times the previous twelve-quarter moving average of the market value.

The income distribution for endowment spending for fiscal year 2021 shall be 4.3 per cent times the previous twelve-quarter moving average of the market value.

The income distribution for endowment spending for fiscal year 2022 shall be 4.2 per cent times the previous twelve-quarter moving average of the market value.

The income distribution for endowment spending for fiscal year 2023 shall be 4.1 per cent times the previous twelve-quarter moving average of the market value.

The income distribution for endowment spending for fiscal year 2024 and thereafter shall be 4.0 per cent times the previous twelve-quarter moving average of the market value.

This formula shall be applied to the twelve quarters ending on December thirty-first prior to the fiscal year in question, so that final budget guidance on available income can be issued.

(B) Endowment fund "C"

Endowment fund "C" is comprised of neighborhood development corporation loans and certain strategic real estate investments previously included in endowment fund "A" in July 2016.

Endowment fund "C" will be managed with the goals of (1) generating liquidity without sacrificing value; and (2) achieving the university's strategic goals including improving the safety of the areas adjacent to the university's main campus. Liquidity from endowment fund "C" assets will not be reinvested but instead used to buy new endowment fund "A" shares for the benefit of endowment fund "C" shareholders.

(C) Strategic community investments

Endowment funds may also be invested in loans, direct real estate or other investments not yielding a market rate of return, that are judged to be of a long term strategic importance to the university.



Such investments shall be held separately from the endowment fund "A" and must be approved by the chair of the finance and administration committee and the president of the university, after notification to the full board of trustees. The total of such investments shall not exceed twenty-five million dollars at any time.

(D) Temporary investment pool

(1) Goal

The goal of the university's temporary investment pool ("TIP") investment policy shall be to invest operating funds and borrowed proceeds to provide, in order of priority, safety of principal, liquidity, and maximum total return consistent with safety and liquidity.

(2) Section 3345.05 of the Revised Code

(a) Pursuant to section 3345.05 of the Revised Code, all those charged with the responsibility to manage the investment of the TIP are fiduciaries required to discharge their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

(b) Pursuant to division (C)(1) of section 3345.05 of the Revised Code, at least twenty-five per cent of the average amount of the TIP over the course of the previous fiscal year shall be invested in securities of the United States government or of its agencies or instrumentalities, the treasurer of the state of Ohio's pooled investment program, obligations of the state of Ohio, or any political subdivision of this state, certificates of deposit of any national bank located in this state, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds, or bankers acceptances maturing in two hundred seventy days or less which are eligible for purchase by the federal reserve system, as a reserve.

(c) Eligible funds in amounts in excess of those necessary to meet requirements of division (C)(1) of section 3345.05 may be pooled with other institutional funds and invested in accordance with section



1715.52 of the Revised Code.

(3) TIP investment guidelines

Investments in temporary investment pool shall be made in accordance with investment guidelines approved by the investment committee and reviewed by it at least annually. Such guidelines shall require, at a minimum, that investments shall be diversified consistent with prudent investment management practices in accordance with asset allocation guidelines approved by the investment committee.

(E) Donor directed investments

On occasion the university accepts an endowed gift where the donor places restrictions as to the investment held, yield target or type of investment. If the donor's directions are not unduly onerous, then the administrative investments committee shall accept the gift but shall attempt to influence the donor to permit pooling of the assets, either immediately or at some future date.