

**Board Policy on Quasi-Endowment Investment  
Board of Trustees of Oregon Institute of Technology**

**1.0 Purpose**

1.1 The purpose of the Quasi-Endowment Investment Policy is to govern the investment of the Oregon Tech’s Quasi-Endowment Fund (“Quasi-Endowment”).

1.2 The policy ensures that:

1.2.1 The Board, the Investment Advisor and others entitled to such information may be made aware of the Policy of the Quasi-Endowment with regard to the investment of its assets.

1.2.2 There will be a clear understanding by the Board, the Investment Advisor and staff of the investment goals and objectives of the Quasi-Endowment.

1.2.3 The Board and management have a basis for evaluation of the investment managers.

1.2.4 The investment managers be given guidance and limitation on investing the funds.

1.3 It is intended the objectives in this policy to be sufficiently specific to be meaningful, but flexible enough to be practical. It is expected that the policy and objectives will be amended as necessary to reflect the changing needs of the endowment; however, all modifications shall be made in writing and approved by the Board.

**2.0 Oregon Tech Quasi-Endowment Fund**

The Quasi-Endowment is expected to operate over a long-term time horizon and as such these funds will be invested in asset classes which support long-term preservation of capital and income generation. It is important to follow coordinated policies regarding spending and investments to protect the principal of the Quasi-Endowment and produce a reasonable return.

**3.0 Responsibility of the Board**

The role of the Board is to recommend broad investment goals to the Investment Advisor, as outlined in this Policy, including spending rate information and to provide input into the asset allocation process.

**4.0 Investment Advisor Responsibility**

The Investment Advisor, and/or a designee, serves as consultant to the Board and will have the responsibility and authority to establish the asset allocation for the Quasi-Endowment and approve the retention and termination of all investment managers. The Investment Advisor, and/or a designee, will recommend to the Board a specific asset mix reflecting judgments of the investment environment as well as the specific needs of the Quasi-Endowment. Other duties assigned to the Investment Advisor, and/or a designee, include:

- Recommending professional investment managers;
- Negotiating and/or monitoring Quasi-Endowment investment expenses;
- Monitoring investment managers, on an ongoing basis;
- Assuring proper custody of the investments; and
- Reporting to the Board, on a quarterly basis, the Quasi-Endowment's investment results, its composition and any other information the Board may request.

## 5.0 Spending Policy

The amount of Quasi-Endowment available for spending (distribution) is 0 – 10% per year, not to exceed \$1 million annually, unless otherwise authorized by action of the Board. These funds are to be transferred on a yearly basis to the General Fund of the University. See Exhibit B for spending (distribution) computation.

## 6.0 Investment Policy Guidelines

### 6.1. Asset Allocation

The most important component of an investment strategy is the allocation among the various classes of securities available to the Quasi-Endowment. The Investment Advisor, in consultation with the Board, will establish the target asset allocation for the investments that will mostly likely achieve the investment goals of the Quasi-Endowment.

- 6.1.1 The risk/return profile shall be maintained by establishing the following long-term "target" strategic asset allocations:

<u>Asset Class</u>	<u>Policy</u>	<u>Target</u>	<u>Benchmark</u>
Fixed Income	100%	100%	See Exhibit A
Cash	0-3%	0%	91 Day T-Bill

### 6.2 Investment Time Horizon

- 6.2.1 In making investment strategy decisions for the Quasi-Endowment, the focus shall be on a long-term investment horizon that encompasses a complete business cycle (usually three to five years). An interim evaluation will be performed by the Investment Advisor, and/or a designee, if a significant change in fees, manager personnel, investment strategy or manager ownership occurs.
- 6.2.2 While the quantitative assessment of managerial competence will be measured over a complete market cycle, the Board anticipates that the Investment Advisor will make period qualitative assessments as well. Specific qualitative factors considered by the Investment Advisor may include, but are not limited to, fundamental changes in the manager's investment philosophy, changes in the manager's organizational structure,

## **7.0 Prudence and Ethical Standards**

### **7.1 Prudence**

All participants in the investment process shall act responsibly. The standard of prudence to be applied by the Board, the Investment Advisor, selected designees, Oregon Tech staff and external service providers shall be the "prudent investor" rule, which states: "Investments shall be invested and the investments managed as a prudent investor would do, under the circumstances then prevailing and in light of the purposes, terms, distribution requirements and laws governing each investment fund."

### **7.2 Ethics and Conflicts of Interest**

Board members, Investment Advisory staff, selected designees, Oregon Tech staff and external service providers involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. These parties are required to reveal all relationships that could create or appear to create a conflict of interest in their unbiased involvement in the investment process.

## **8.0 Investment Objectives**

The investment objective of the Quasi-Endowment is to seek consistency of investment return with emphasis on capital preservation and maintenance of purchasing power over long periods of time, notwithstanding Board authorized distributions. In keeping with the performance goals included in the Policy, achievement of this objective shall be done in a manner that, over a long-term planning horizon, will meet the spending rate established by the Board (under Section 5).

## **9.0 Manager(s) Responsibilities**

### **9.1 Legal Compliance**

9.1.1 The investment manager(s) is (are) responsible for strict compliance with the provisions of their investment management agreement.

### **9.2 Authority of Investment Manager(s) in the Managed Accounts**

9.2.1 Subject to the terms and conditions of this Policy and the investment management agreement, manager(s) shall have full discretionary authority to direct investments of assets in the managed accounts. The Investment Advisor, and/or a designee, will recommend changes to this Policy when the advisor(s) views any part of this Policy to be inconsistent with overall market, economic conditions, or investment policies.

- 9.2.2 The Investment Advisor directs all managers to vote proxies and to vote them in the best economic interest of the Quasi-Endowment. When requested, managers will report to the Investment Advisor regarding how proxies were voted.
- 9.2.3 Meetings between Quasi-Endowment managers and the Investment Advisor will occur consistent with the policies established for the Investment Advisor's other managers, to discuss items including, but not limited to, the manager's performance, outlook, and investment decision process.

## **10.0 Reporting Requirements**

10.1 Investment results will be regularly monitored by the Investment Advisor, selected designee and Oregon Tech staff.

10.2 A representative of the Investment Advisor, and/or a designee, shall report investment results, or other information, to the Board no less frequently than annually, if requested. Any material non-compliance with the Investment Policy, Guidelines and Objectives of the Quasi-Endowment or with the investment management agreement will be reported to the Board immediately.

## **11.0 Investment Guidelines**

11.1 Cash: The Quasi-Endowment shall maintain minimal cash, consistent with short-term requirements. Short term cash will be invested in a liquid cash equivalent investment.

11.2 Fixed Income: Fixed-income securities, for purposes of these guidelines, shall mean the Oregon Short-Term Fund, Oregon Intermediate-Term Pool, Public University Fund or individual securities of mutual funds with similar characteristics.

11.3 Performance: Performance expectations for each of the asset classes are described in Exhibit A.

## **12.0 Asset Custody and Securities Lending**

Custodial responsibility for all securities is to be determined by the Board or its designee(s).

## **13.0 Conclusion**

Implementation of this Policy, including investment manager selection, shall be the responsibility of the Investment Advisor, subject to the necessary approvals from the Board.

This Policy shall be reviewed by the Board at least every two years.

## **Document History**

- Adopted by the Board of Trustees on February 23, 2017
- Amended by the Board of Trustees on January 26, 2023

## EXHIBIT A

### **Performance Monitoring**

Fixed Income accounts are expected to meet or exceed the total return of the Bloomberg Intermediate U.S. Government/Credit Index over a market cycle for core bond investments.

## Exhibit B

### **Spending (Distribution) Computation**

The spending (distribution) will be based upon a 20-quarter moving average of the Quasi-Endowment's market value.