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# Spartan Shops

A Campus Benefit Organization

San José State University

## POLICY AND PROCEDURES MANUAL

PROCEDURE NO.:	<u>F.2.0</u>	REVISION:	<u>#1</u>	DATE:	<u>April 19,1993</u>
TITLE:	<u>Statement of Objectives and Policy For Invested Funds</u>			Revised Date:	<u>March 26, 1999</u>
PREPARED BY:	<u>Finance Committee</u>	APPROVED BY:	<u>Board of Directors</u>		

### 1.00 INVESTMENT POLICY OBJECTIVES

#### 1.01 Organization Objectives

Spartan Shops, Inc. ("Shops") is an entity that operates self-supporting non profit commercial services for the benefit of the San Jose State University community consisting of students, staff, faculty, guests, and other auxiliary organizations. The commercial service operations shall aid and support the fundamental mission of San Jose State University and shall be managed to assure fiscal integrity and viability as well as continuity and survival of the organizational entity.

The Executive Management of Spartan Shops, Inc. is charged with the responsibility for the management of the assets of the Corporation. This statement of investment objectives and policies governs the management of Shops invested funds. It is anticipated that this statement will be effective until modified and approved by the Shops Board of Directors. Management and the Board are expected to propose revisions in the guidelines as needed. The Board has delegated to its Finance Committee the responsibility for overseeing its investment policy within the principles enumerated herein.

Shops has two primary sources of funds for investment, Working Capital Fund, and the Capital Outlay Fund. The primary objective for the Working Capital Fund is to enable Shops to meet its financial obligations as they come due. The primary objective for the Capital Outlay Fund is for capital projects as approved by the Board and as a source of cash in the event of an emergency.

#### 1.02 Investment Return Objectives

The Working Capital Fund shall be invested in short term instruments. The Capital Outlay Fund can be invested in liquid but longer term instruments.

The performance benchmark of the Capital Outlay Fund will be equal to the Lehman Bros. Intermediate Bond Index and/or the appropriate indexes related to the underlined investments. The investment benchmark for Working Capital Investments will be short term -- 90 Day Treasury Bills.

## **2.0 INVESTMENT STRUCTURE**

### **2.01 Permitted Investments**

- A) Permitted investment vehicles:
- \* The Common Fund
  - \* Commercial bank certificates of deposit to F.D.I.C. limit.
  - \* S & L certificates of deposit to F.S.L.I.C. limit
  - \* U.S. Government obligations
  - \* U. S. Government agency bonds and mortgage-backed bonds.
  - \* Corporate bonds "A" rated or better
  - \* Publicly traded equities, preferred securities
  - \* SJSU Investment Funds
  - \* SJSU Foundation Investment Funds
  - \* Other investments that meet security, liquidity, and yield requirements as approved by the Finance Committee.
  - \* Mutual Funds

### **2.02 Social Responsibility Statement**

Spartan Shops, Inc. will invest funds in companies and institutions that contribute to the enhancement of human rights and social responsibilities, both nationally and internationally, through the support and practice of equal employment opportunities and environmentally sound business practices.

### **2.03 Asset Allocation**

With the major emphasis on preservation of capital, the Capital Outlay Fund should be allocated among different asset classes with the attempt to reduce risk.

### **2.04 Custodial Arrangements**

Investments will be held in financial institutions, Major Brokerage Houses, Mutual Funds, SJSU Investment Fund or the SJSU Foundation Fund.

## **3.0 MANAGEMENT GUIDELINES**

### **3.01 Investment Discretion**

Spartan Shops Executive Management is responsible for investment management and the right to retain an outside investment manager. Custodial arrangements for funds are as stated in 2.04.

This investment policy is in effect until modified by the Board of Directors. If at any time Shops Executive Management believes that the policy guidelines inhibit investment performance, it is their responsibility to clearly communicate this view to the Finance Committee.

Shops Executive Management will monitor investments on a monthly basis for consistency of investments to policy and objectives, return relative to objectives, and investment risk. The Executive Director will report the following information on a quarterly basis: total return, current holdings at cost and market value and return of indexes.