

Investment Policy Statement for Institutional Trust Funds

Version 1 (Current Version)

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Policy	POL07.15.02
Title	Investment Policy Statement for Institutional Trust Funds
Category	Finance, Operations and Auxiliary Services
Sub-category	Budget
Authority	Board of Trustees
History	Approved by Board of Trustees September 29, 2023
Contact	Stephanie Coleman, Vice Chancellor for Administration and Finance, 252-328-6975, colemans@ecu.edu
Related Policies	
Additional References	<p>North Carolina General Statutes, 116-36.1 Regulation of Institutional Trust Funds (https://www.ncleg.net/EnactedLegislation/Statutes/PDF/BySection/Chapter_116/GS_116-36.1.pdf)</p> <p>(https://www.northcarolina.edu/apps/policy/doc.php?type=pdf&id=755)UNC Board of Governors, Policy 600.2.4, Custody and Management of Institutional Trust Funds and Special Funds of Individual Institutions</p> <p>(https://www.northcarolina.edu/apps/policy/doc.php?type=pdf&id=755)UNC Board of Governors Policy, 600.2.4.1, Delegated Authority for Managing Institutional Trust Funds</p> <p>(https://www.northcarolina.edu/apps/policy/doc.php?type=pdf&id=2642)</p> <p>North Carolina General Statutes, 147-79. Reports of Depositories (https://www.ncleg.gov/EnactedLegislation/Statutes/PDF/BySection/Chapter_147/GS_147-79.pdf)</p>

1. Purpose

N.C. General Statute 116-36.1 (https://www.ncleg.net/EnactedLegislation/Statutes/PDF/BySection/Chapter_116/GS_116-36.1.pdf) authorizes the Board of Governors of the University of North Carolina (“UNC”) to adopt uniform policies and procedures applicable to the deposit, investment, and administration of institutional trust funds and to delegate such authority through the President to the constituent institutions. Through UNC policy “600.2.4.1: Delegated Authority for Managing Institutional Trust Funds (<https://www.northcarolina.edu/apps/policy/doc.php?type=pdf&id=755>)”, upon request by the Chancellor, the President may delegate authority to the Chancellor of a constituent institution to deposit, invest, and administer institutional trust funds consistent with N.C. General Statute 116-36.1 (https://www.ncleg.net/EnactedLegislation/Statutes/PDF/BySection/Chapter_116/

GS_116-36.1.pdf).

The purpose of this policy is to provide guidelines for the investment of the University's Institutional Trust (excluding, for example, bond proceeds, research contracts, grants, and agency receipts) and Special Funds. This policy will delegate management responsibility for the execution of this investment policy; establish overall portfolio goals and objectives; and will identify permitted investment securities/funds and provide associated investment guidelines.

1.1 Scope

This policy pertains to East Carolina University's Institutional Trust funds only (excluding, for example, bond proceeds, research contracts, grants, and agency receipts). It does not apply to state funds or related Foundation funds.

1.2 Roles and Responsibilities

Authority to manage the investment program in accordance with this investment policy is granted by the ECU Board of Trustees to the University's Vice Chancellor for Administration and Finance, who shall act and may further delegate the authority to execute and manage investments in accordance with any procedures and internal controls for the operation of the investment program consistent with this investment policy.

2. Policy

2.1 Philosophy

The University relies on operating cash to fund operations, pay debt service, and build reserves. Therefore, an investment program for operating funds must rely on prudent, conservative methods of preserving cash while generating supplemental return. In this investment policy we seek to maintain the highest credit quality instruments, while limiting duration, sector, and counterparty risk. Limiting duration helps to reduce interest rate risk-the likelihood that movements in interest rates will affect the net asset value of investments in the program.

2.2 Goals and Objectives

- To preserve principal.
- To optimize the use and investment of university cash and short-term investments.
- To earn rates of return that consistently exceed money market rates of return over time to generate incremental resources for the central administration of the University.
- To provide liquidity for university operating and capital needs.

2.3 Benchmarks

- Rate of return on the State of North Carolina Treasurer's Short-Term Investment Fund ("STIF").
- Appropriate market-based indexes that represent the asset classes and duration of the underlying investments in a constructed portfolio.

2.4 Investment Guidelines

Asset Sector	Sector Limit	Issuer/Fund Limit *
U.S. Treasury bills, notes, and bonds	70%	70%
State of NC Treasurer's Short Term Investment Fund (STIF)	100%	100%

** As a percentage of the total balance of all "Institutional Trust and Special Funds," less related "Foundation" funds, "Contracts and Grants" funds and "proceeds from bond issuances."*

2.5 Custody

All investment securities and funds managed by external parties will be held in the name of East Carolina University by an independent third-party custodian selected by the University.

2.6 Reports and updates

This policy will be reviewed on an annual basis by ECU Financial Services, and a report will be prepared for the Board of Trustees that provides investment results and recommends any potential updates to this policy.

3. Compliance and Enforcement

Administration and Finance will enforce and administer this policy in accordance with the N.C. General Statutes. The policy administrator is the Vice Chancellor for Finance and Administration. Responsible administrators are the Associate Vice Chancellor for Financial Services and the University Controller.

East Carolina University

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