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## 71 - ENDOWMENTS

### 71.01 Minimum Endowment Levels

The Board encourages gifts of all sizes; however, the high cost of administering endowment accounts requires a minimum acceptable endowment threshold. The Board authorizes the Chancellor to establish minimum funding levels for endowments. (05/17/07)

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#### Related Statutes, Policies, or Requirements

Texas Property Code, Chapter 163 – *Management, Investment, and Expenditure of Institutional Funds*

Texas Education Code § 51.0031 – *Deposits and Investments*

Texas Education Code § 51.004 – *Separate Accounts; Trust Funds; Interest*

Texas Education Code § 51.008 – *Certain Receipts to be Deposited in State Treasury*

Texas Government Code, Chapter 2256 – *Public Funds Investment Act*

System Administrative Memoranda (SAMs)

03.F.01 – *Gift Acceptance*

03.F.02 – *Endowment Management*

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### 71.02 Pooled Investment Funds

To promote the effective implementation of the Board's investment philosophy, assets of individual endowments, except where prohibited, are co-mingled with assets of other endowments in the purchase of shares, called units, of open-ended, pooled investment funds administered by the System. The Pooled Investment Fund is intended to provide a predictable source of income to meet current needs, and to provide growth through market value appreciation. At least once annually, the Vice Chancellor for administration and finance will recommend to the Board of Regents' Administration and Finance Committee the asset allocation to be maintained by the investment managers. The asset allocation should ensure capital growth and income production in appropriate proportions to preserve the assets' real value and the long-range purchasing power of endowment income. (05/17/07)

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03.F.03 – *Distribution of Income from Selected Endowments*

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**71.03 Management of Endowments****71.03.1 Investment Management**

Except for alternative investments, all endowment investment portfolios are managed by the System's external investment managers; alternative investments may be externally managed or managed internally by the Vice Chancellor for administration and finance. All investments are managed in accordance with the Endowment Fund Statement of Investment Objectives and Policies approved by the Board. The Endowment Fund Statement of Investment Objectives and Policies is on file in the Board of Regents office and on the Treasury website. (05/17/07)

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## 72 INVESTMENTS

### 72.01 Investment Objectives

The System shall invest all endowments, local, or other available funds to optimize return on investment to the extent possible, balanced with the appropriate level of risk. All investments should comply with the goals of the System, its component universities, and all appropriate laws and restrictions.

#### 72.01.1 Local Funds

The treasurer or an external investment manager approved by the Board shall invest all local funds in accordance with Investment Policy for Non-Endowed Funds approved by the Board. All demand deposits shall be collateralized as required by law. Longer-term funds shall be invested to ensure safety of principal, liquidity, and maximum yield with primary emphasis on safety and liquidity.

#### 72.01.2 Bond-Related Funds

Proceeds from the issuance of bonds and revenues designated for debt repayment are invested in accordance with bond resolution investment instructions. Bond-related funds are managed by the treasurer. (05/17/07)

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79 - ENDOWMENT MANAGEMENT MISCELLANEOUS

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