NOTICE OF MEETING
Board of Governors, Truman State University
Saturday, April 12, 2014

The Board of Governors for Truman State University will hold a meeting on Saturday, April 12, 2014, beginning at 1:00 p.m. The meeting will be held in the Conference Room (3000) of the Student Union Building located on the University campus in Kirksville, Missouri, and the public is invited to attend.

The tentative agenda for the meeting is attached to this notice. Items N, O and P on the attached agenda are eligible for consideration in closed session under the provisions of Section 610.010 thru 610.030 of the Revised Statutes of Missouri, commonly known as the Open Meetings Law. During the open session of the meeting, the Board of Governors will select the items of business to be conducted in closed session and will state its reasons for considering such items in closed session.

Persons with disabilities who may need assistance for the meeting should contact the President’s Office at Truman State University (200 McClain Hall or by telephone 660-785-4100).

Dated this 4th day of April, 2014.

Troy D. Paino
President of the University
Monday, March 31, 2014
8:30 a.m. Board of Governors General Counsel Evaluation Committee Conference Call Meeting, President’s Office, McClain Hall 200
(Governors Zito, O’Donnell and Potter)

Monday, April 7, 2014
8:45 a.m. Board of Governors Budget and Capital Projects Committee Conference Call Meeting, President’s Office, McClain Hall 200
(Governors O’Donnell, Bonner, Cozette and Plassmeyer)

3:30 p.m. Board of Governors Academic and Student Affairs Committee Conference Call Meeting, President’s Office, McClain Hall 200
(Governors Haber, Kochanski, Zito and Plassmeyer)

Tuesday, April 8, 2014
8:00 a.m. Board of Governors Board Policy Review Committee Conference Call Meeting, President’s Office, McClain Hall 200
(Governors Potter, Burkemer, Cozette, Haber and Plassmeyer)

Wednesday, April 9, 2014
8:00 a.m. Board of Governors Finance and Auditing Committee Conference Call Meeting, President’s Office, McClain Hall 200
(Governors Burkemer, LaBeth, Potter and Plassmeyer)

Friday, April 11, 2014
9:00 a.m. - (Optional) Alumni Board/University Career Center Mock Interviews
12:00 noon (Board of Governors, Foundation Board and Alumni Board invited to participate.)

3:00 p.m. New Board Member Orientation for Kelly Kochanski, Student Representative to the Board of Governors
President’s Office, McClain Hall 200

6:00 p.m. (Optional) Northeast Missouri Alumni Chapter Bulldogs Wines & Vines Tasting
(Board of Governors, Foundation Board and Alumni Board invited to event.)
Jacob’s Vineyard & Winery, 26078 Eagle Lane, Kirksville

Saturday, April 12, 2014
8:00 a.m. Foundation Board Meeting, Conference Room (3000), Student Union
(8:00 Continental Breakfast; 8:30 Board Meeting)
(Governors Burkemer, O’Donnell and Plassmeyer)

11:15 a.m. Board of Governors General Counsel Evaluation Committee Meeting, Room 3201, Student Union
(Governors Zito, O’Donnell and Potter)
12:00 noon  Joint Board Luncheon, Activities Room, Student Union

1:00 p.m.  Open Session of Board of Governors Meeting, Conference Room (3000), Student Union
ITEM A  Call to Order and Chair Report
ITEM B  Minutes for Open Session of Meeting on February 8, 2014
ITEM C  Welcome to New Board Member—Kelly Kochanski
ITEM D  Resolution of Appreciation—Michael J. Bushur
ITEM E  President’s Report
ITEM F  Advancement/Foundation Board Report
ITEM G  Finance and Auditing Committee Report
ITEM G.1  Financial Report
ITEM G.2  Depository Bank
ITEM G.3  Resolution Amending a Portion of Chapter 9 of the Code of Policies of the Board of Governors Pertaining to Investments
ITEM H  Academic and Student Affairs Committee Report
ITEM H.1  Academic Calendar
ITEM I  Budget and Capital Projects Committee Report
ITEM I.1  Construction Projects Report
ITEM I.2  Contracts for Construction/Technology Projects Report
ITEM I.3  Construction Project—Ophelia Parrish Acoustical Improvements
ITEM I.4  Construction Project—Kirk Memorial Interior
ITEM I.5  Construction Project—2014 Roofing, Masonry and Windows
ITEM I.6  Engineering Services—Softball/Baseball Field ADA Access
ITEM I.7  Equipment Purchase
ITEM I.8  Enrollment Fees
ITEM J  Board Policy Review Committee Report
ITEM J.1  Code of Policies Corrections
ITEM K  Agenda Items for Future Meetings
ITEM L  Dates for Future Meetings
ITEM M  Agenda Items for Closed Session
Closed Session of Board of Governors Meeting, Conference Room, Student Union
ITEM N  Minutes for Closed Session of Meeting on February 8, 2014
ITEM O  Personnel Actions Report
ITEM O.1  Treasurers for 2014-2015
ITEM O.2  General Counsel Evaluation and Appointment for 2014-2015
ITEM O.3  Presidential Review Committee Appointments
ITEM P  General Counsel Report
ITEM P.1  Motion to Adjourn

5:00 p.m.  Foundation Reception
The Hub, Student Union

6:00 p.m.  Foundation Banquet
Georgian Room, Student Union

8:00 p.m.  Herman Edwards, Holman Family Distinguished Speaker Series, Baldwin Auditorium

Board of Governors – April 12, 2014
ITEM A
Call to Order and Chair Report

Susan Plassmeyer, Chair of the Board, will call the meeting to order, recognize Board members participating by phone or absent and provide a Chair Report as needed.

RECOMMENDED ACTION

This is a discussion item only.
ITEM B  
Minutes for Open Session of Meeting on February 8, 2014

RECOMMENDED ACTION

BE IT RESOLVED that the minutes for the open session of the meeting on February 8, 2014, be approved.

Moved by __________________________
Seconded by ________________________
Vote: Aye ____________________________
      Nay _____________________________

ATTACHMENT

Minutes for Open Session of Meeting on February 8, 2014
The Board of Governors for Truman State University met on Saturday, February 8, 2014, on the University campus in Kirksville, Missouri. The meeting was held in the Conference Room of the Student Union, and the open session of the meeting was called to order shortly after 1:00 p.m. by the Chair of the Board of Governors, Susan Plassmeyer.

Participating in the meeting were all seven voting members: Sarah Burkemper, Cheryl J. Cozette, Karen Haber, Mike LaBeth, Jim O’Donnell, Susan Plassmeyer and Matthew W. Potter.

Also participating in the meeting were two of the three non-voting members: Michael J. Bushur, student representative, and Michael A. Zito, one of the two out-of-state members. Susan Plassmeyer noted that David Lee Bonner, the other out-of-state member, was absent from the meeting due to another commitment. The absence of Mr. Bonner was recorded as excused.

Call to Order and Chair Report
Susan Plassmeyer, Chair of the Board of Governors, called the meeting to order and welcomed all in attendance.

Minutes for Open Session of Meeting on December 7, 2013
Sarah Burkemper moved the adoption of the following resolution:

BE IT RESOLVED that the minutes for the open session of the meeting on December 7, 2013, be approved.

The motion was seconded by Cheryl J. Cozette and carried by a unanimous vote of 7 to 0. Susan Plassmeyer then declared the motion to be duly adopted.

Recognition of 2013 Board Chair—Karen Haber
Susan Plassmeyer expressed appreciation to Karen Haber for her exemplary service as Chair of the Board of Governors during the 2013 Calendar Year. Ms. Plassmeyer then presented Mrs. Haber with a framed gavel in recognition of her service.

President’s Report
Dr. Troy D. Paino, University President, shared a selected engagements report summarizing his external and internal relations activities from December 7, 2013 to February 7, 2014. He provided a legislative report which included updates on the fiscal year 2015 state budget as well as a number of proposals that are under discussion in the General Assembly. President Paino provided an enrollment report which included an update on the incoming Class of 2014. He noted the establishment of an enrollment management steering committee and a residence hall occupancy taskforce, and he provided a report on the progress being made on the University’s redesigned website. President Paino reported on the process that will be followed as the University begins the cycle to formulate the budget for fiscal year 2015. He noted that Truman’s national reputation continues to grow. He cited that Kiplinger’s Personal Finance, February 2014, ranked Truman 12th on their exclusive list of “100 Best Values in Public Colleges” that combine great academics with reasonable costs. Kiplinger’s also recognized Truman as the 9th best public college value in the nation for out-of-state students. The 2014 Princeton Review book, “The Best Value Colleges: The 150 Best-Buy Schools and What It Takes to Get In,” recognized Truman as the 9th best value public college in the nation. Truman was further recognized for this
achievement by being highlighted in the January 28 print edition of the *USA Today* and being highlighted on the January 28 NBC *Today Show*. President Paino provided an update on the search for a vice president for academic affairs. He noted the formation of an advisory committee and the selection of R. William Funk & Associates, a search firm headquartered in Dallas, Texas. President Paino reported on the recent passing of Dr. Dean Rosebery, Head Emeritus, Division of Science, and Professor Emeritus of Biology. He highlighted a photo within his engagements report of Marilyn Gibbons, an employee in the Registrar’s Office who was awarded an Honorary Degree of Doctor of Humane Letters at the Fall 2013 Commencement Ceremony in recognition of her retirement and her fifty years of service to the University. President Paino ended his remarks by expressing his appreciation to Karen Haber for her service as the 2013 Board Chair and stating that he looks forward to working with Board Chair Susan Plassmeyer during the 2014 calendar year.

**Advancement/Foundation Board Report**
Mark Gambianana, Vice President for University Advancement, provided an update on Advancement activities and a report on the Foundation Board Meeting/Retreat held on January 18.

**Annual Student Government Report**
Matt Cooper and Katherine Scheidt, President and Vice President of Student Government, provided the annual Student Government Report.

**Finance and Auditing Committee Report**
Sarah Burkemper, chair of the Finance and Auditing Committee, provided a report on the committee meeting held earlier in the day.

**Financial Report**
Sarah Burkemper provided a review of the financial reports of the University, which included a review as of December 31, 2013, of education and general revenues and expenditures and auxiliary systems revenues and expenditures, and a review as of December 31, 2013, of the Truman State University Foundation revenues and expenditures.

**External Audit Firm**
Karen Haber moved the adoption of the following resolution:

WHEREAS, proposals have been received in response to the University’s Request for Proposals (RFP) for audit services for the five-year period beginning FY2014 and ending FY2018; and

WHEREAS, the evaluation of such proposals has been completed and, under the requirements of the RFP, the firm of RubinBrown of St. Louis, Missouri, is deemed to have submitted the lowest and best bid for the audit services;

NOW, THEREFORE, BE IT RESOLVED that the proposal of RubinBrown of St. Louis, Missouri, to perform audit services for the five-year period, beginning FY2014 and ending FY2018, be accepted and the President of the University be authorized to execute a contract with the firm; and
BE IT FURTHER RESOLVED that a copy of the proposal be attached to and made a part of the minutes for this meeting.

The motion was seconded by Matthew W. Potter and carried by a unanimous vote of 7 to 0. Ms. Plassmeyer then declared the motion to be duly adopted, and the Secretary designated a copy of the document as Exhibit A.

Budget and Capital Projects Committee Report
Jim O’Donnell, chair of the Budget and Capital Projects Committee, provided a report on the committee meeting held earlier in the day.

Construction Projects Report
Jim O’Donnell provided an update on construction projects which had been approved by the Board at previous meetings.

Contracts for Construction/Technology Projects Report
Jim O’Donnell reported on one construction/technology project totaling $25,000 to $50,000 which had been approved since the last meeting of the Board:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Project Budget</th>
</tr>
</thead>
</table>
| Kirk Building Elevator Hydraulic Cylinder Replacement Project | $26,721

Academic and Student Affairs Committee Report
Karen Haber, chair of the Academic and Student Affairs Committee, provided a report on the committee meeting held earlier in the day.

Resolution Amending Chapter 12 of the Code of Policies of the Board of Governors Pertaining to Tobacco Restrictions
Karen Haber reported on the discussion that took place in the Academic and Student Affairs Committee meeting in regard to Section 12.030, Tobacco Restrictions. A draft of a campus-wide tobacco use ban was distributed to the Board. Following discussion, Sarah Burkemper made the motion to approve the proposed draft with oral amendments as follows: smoking of materials other than tobacco products is prohibited and, effective July 1, 2015, the use of all tobacco products including e-cigarettes is prohibited. The motion was seconded by Cheryl J. Cozette and carried by a unanimous vote of 7 to 0. Ms. Plassmeyer then declared the motion to be duly adopted, and the Secretary designated a copy of the new policy, Section 12.030, Tobacco and Substance Use Restrictions, as Exhibit B.

Board Policy Review Committee Report
Matthew W. Potter, chair of the Board Policy Review Committee, provided a report on the committee meeting held earlier in the day.

Agenda Items for Future Meetings
The Board reviewed a list of proposed agenda items for the regular meetings during the next year.
Dates for Future Meetings
Matthew. W. Potter moved the adoption of the following resolution:

BE IT RESOLVED that the next regular meeting of the Board of Governors be scheduled for Saturday, April 12, 2014, on the University campus in Kirksville, beginning at 1:00 p.m., with the understanding that the Chair may alter the starting time and/or place for the meeting by giving due notice of such change; and

BE IT FURTHER RESOLVED that other regular meetings of the Board during the next year be tentatively scheduled for the following dates:

  Saturday, June 14, 2014;
  Saturday, August 2, 2014;
  Friday, October 10, 2014;
  Saturday, December 6, 2014; and
  Saturday, February 7, 2015.

The motion was seconded by Sarah Burkemper and carried by a unanimous vote of 7 to 0. Ms. Plassmeyer then declared the motion to be duly adopted.

Agenda Items for Closed Session
Sarah Burkemper moved the adoption of the following resolution:

BE IT RESOLVED that this meeting be continued in closed session, with closed records and closed votes as permitted by law, for consideration of the following items as authorized by Section 610.021, Revised Statutes of Missouri:

1. Approval of minutes for the closed session of the last meeting under Subsection 14 of the statute for “Records which are protected from disclosure by law”;
2. Individual personnel actions under Subsection 3 of the statute for “Hiring, firing, disciplining or promoting of particular employees by a public governmental body when personal information about the employee is discussed or recorded”; and
3. Confidential communications with the General Counsel; and

BE IT FURTHER RESOLVED that if any business not covered by the stated reasons for the closed session is raised during the closed session, then this meeting shall be reopened to the public and an announcement about a resumption of the open session shall be made in the hallway outside of the meeting room.

The motion was seconded by Karen Haber and carried by a unanimous vote of 7 to 0. Ms. Plassmeyer then declared the motion to be duly adopted.
The closed session of the meeting began shortly after 2:30 p.m.

Sarah Burkemper  
Secretary of the Board of Governors

I hereby certify that the foregoing minutes were approved by the Board of Governors on the 12th day of April, 2014.

Susan Plassmeyer  
Chair of the Board of Governors
12.030. **Tobacco and Substance Use Restrictions.** The use of tobacco in buildings and vehicles owned or controlled by the University is prohibited, except as specifically permitted in this section.

12.030.1. **Purpose.** The purpose of restricting the use of tobacco products is to implement the provisions of Sections 191.765 through 191.777 of the statutes, to promote the health of the University community, to preserve and protect University property, and to provide a clean and safe environment in which to study, work, and learn.

12.030.2. **Restrictions.** Restrictions regarding the use of tobacco products and other substances are as follows:

1. Until July 1, 2015, smoking is prohibited within 25 feet of any building on University property and the use of all tobacco products is also prohibited in all vehicles owned or controlled by the University.
2. Effective July 1, 2015 the use of all tobacco products, including smokeless tobacco and including electronic nicotine delivery systems (e cigarettes), is prohibited on all University property and is also prohibited in all vehicles owned or controlled by the University.
3. Effective immediately, (February 8, 2014) smoking of materials other than tobacco products is prohibited on University property and in vehicles owned or controlled by the University.

12.030.3. **Employee Smoking Areas.** The statutory provision for designated smoking areas where employees may smoke, if such areas can be adequately ventilated at minimum cost, is acknowledged. A review of the feasibility of installing ventilation equipment in the various buildings has been conducted, and the study has indicated that the cost of necessary ventilation would exceed $10,000 in each building, which is considered to be more than the minimum costs contemplated by the statute. Therefore, smoking areas for employees have not been designated, and they are not to be authorized or designated in University buildings without an amendment of this policy.

12.030.4. **Assistance Programs.** The President of the University is encouraged to initiate and promote health and wellness programs for the cessation of tobacco usage and to make such programs available for faculty, staff, and students.
ITEM C
Welcome to New Board Member—Kelly Kochanski

DESCRIPTION AND BACKGROUND

Governor Plassmeyer will welcome Kelly Kochanski as the newly appointed Student Representative to the Board of Governors.

RECOMMENDED ACTION

This is a discussion item only.
ITEM D  
Resolution of Appreciation—Michael J. Bushur

RECOMMENDED ACTION

WHEREAS, the Honorable Michael J. Bushur served as Student Representative to the Board of Governors from January 2012 to March 2014, communicating students’ concerns effectively and providing thoughtful advice to the Board of Governors; and

WHEREAS, during his tenure on the Board of Governors, Governor Bushur earned the respect and admiration of the Board, administration, faculty, staff, and student body for his leadership, dedication, and concern for his fellow students; and

WHEREAS, through his role on the Board, Governor Bushur served admirably on the Board’s Academic and Student Affairs Committee and the Honorary Degrees Committee; and

WHEREAS, throughout his tenure on the Board, Governor Bushur graciously gave of his time to attend and participate in multiple on-campus and off-campus events and activities including, but not limited to, Truman Day at the Capitol, opening assemblies, all-University meetings, and multiple banquets and celebrations; and

WHEREAS, the members of the Board of Governors have enjoyed working with such an intelligent and dedicated member of the student body;

NOW, THEREFORE, BE IT RESOLVED that the Board of Governors of Truman State University hereby expresses its sincere gratitude to the Honorable Michael J. Bushur for his distinguished service as Student Representative to the Board of Governors and offers its best wishes to Governor Bushur in all his future endeavors; and

BE IT FURTHER RESOLVED that a copy of this resolution be presented to Governor Bushur as a tangible expression of appreciation and felicitation.

Moved by ____________________________  
Seconded by ____________________________  
Vote:  
Aye ____________________________  
Nay ____________________________  

Board of Governors – April 12, 2014
ITEM E
President's Report

DESCRIPTION AND BACKGROUND

Dr. Troy D. Paino, President of the University, will provide a report on several items of current interest.

RECOMMENDED ACTION

This is a discussion item only.
ITEM F
Advancement/Foundation Board Report

DESCRIPTION AND BACKGROUND

Mark Gambaiana, Vice President for University Advancement, and Dr. Sharron Quisenberry, Chair of the “Pursue the Future” Campaign, will provide an update on Advancement activities and a report on the Foundation Board Meeting held earlier in the day.

RECOMMENDED ACTION

This is a discussion item only.
“Pursue the Future” is a $40 million fundraising campaign that requests contributions from alumni and friends over a five-year period (2013-2018) and is primarily designed to substantially grow the scholarship program and provide discretionary funds for Deans and department chairs to enhance the teaching-learning environment.

“Amid uncertain levels of state funding moving forward, Truman’s distinctive qualities must be protected,” said University President Troy Paino. “We are focused on strengthening other sources of revenue, and increased gift support from alumni and friends is an important component of these efforts.”

According to the campaign plan, Truman’s Office of Advancement staff and campaign volunteers will seek multi-year commitments from select alumni and friends in the “quiet” phase of the initiative, expected to last until the fall of 2015. At that time, the campaign will move into a public phase where all Truman constituents will be asked to participate.

“Through its many transformations, Truman has stressed putting student learning first, striving for excellence and making conscientious use of public resources,” President Paino continued. “In recent years, competing priorities for taxpayer dollars have led to declining public support for higher education and threaten to place Truman’s quality education out of the financial reach of many qualified students.”

The campaign priorities embody themes essential to Truman’s mission of providing deserving students, regardless of economic background, access to a high-quality liberal arts experience once available only to the well-to-do.

Truman seeks to add $25 million in commitments for new scholarships and $10 million in gifts for academic programs and faculty support. In addition, $2.5 million is sought for athletic programs and $2.5 million in unrestricted support and mission enhancement initiatives.

As the percentage of state support relative to Truman’s overall budget continues to subside, the need to grow Truman’s endowment cannot be overemphasized. The University competes for students with other schools that wield significantly larger endowments, resulting in a competitive advantage. Bolstering Truman’s endowment fortifies the long-term health and sustainability of the University.

“*My husband and I have endowed scholarships and have included the University in our estate planning. In today’s world, where higher education institutions must become more self-sufficient, we feel it is critically important for those of us who have benefited from the education at Truman to help ensure that this quality education remains available for future generations.*” — LINDA MILLER (’70)
Pursue the Future” Kicks off with a Record-breaking Planned Gift Commitment

Truman’s “Pursue the Future” fundraising campaign has set out to make a real difference for our University and our exceptionally talented students. Achieving one of the campaign’s most ambitious goals, to raise $25 million in scholarship support, will not only help continue to attract promising students to Truman State University, but it will more fully provide qualified students with the opportunity to attend Truman.

Dan and Jan Shepherd of Clifton Hill, Mo., share that deep commitment to making a real difference for Truman and students as they kickoff this fundraising campaign with a record-breaking planned gift arrangement totaling $7 million. This deferred gift commitment will fund two new scholarship endowments with gifts of $3 million each from the Shepherd’s estate. These new funds will provide the recipients with maximum scholarship awards of up to 50 percent of the total cost of tuition, room and board for each academic year. The remaining $1 million gift from the Shepherd’s estate is an unrestricted gift to be used to support the greatest needs of the University.

Dan and Jan recognize that Truman enrolls a highly qualified student body and competition among applicants for limited scholarship resources can be fierce. To better ensure that scholarship resources, and the encouragement they represent are available to a broad spectrum of talented students, recipients of these awards will fall within the University’s mid-range parameters on academic transcripts and college entrance exam results. The Dan and Jan Shepherd International Student Scholarship Endowment will provide scholarship resources exclusively to international students while the Dan and Jan Shepherd Scholarship Endowment will fund scholarship resources for domestic students attending Truman.

Dan is 1979 graduate of Truman State University having earned a B.S. in agriculture. While at Truman, Dan was involved in Ag Club, Alpha Gamma Rho Fraternity and the Soil Conservation Society. Jan is a 1976 graduate having earned a certificate in business and accountancy. Following graduation Jan served as a member of the Truman State University business office staff until 1984. Dan and Jan are owners and operators of Shepherd Farms, a large diverse farming operation specializing in pecans in north Missouri.

A Message from the Campaign Chair

Sharron Quisenberry...

My 33-year career in Research Land Grant Universities was made possible by the tremendous education I was provided at Truman and its exceptional faculty. When I was first approached to serve as chair of the “Pursue the Future” Campaign, my only thought was a resounding yes because in providing this service to the University, it offers an opportunity to give back to the institution that made my life and career possible.

Truman is an outstanding public university that provides a premier liberal arts and sciences education to its graduates. Students receive a total collegiate residential environment educational experience that combines curriculum and co-curricular activities. The balance in educational experiences ensures graduates are nationally competitive and prepared to make significant contributions to society. The diverse, student-focused faculty are recruited, supported, and developed as teacher-scholars, thus laying the foundation for the learning-oriented mission that Truman is known for.

The “Pursue the Future” Campaign is a five-year effort which began in July of 2013 and will continue through June of 2018. The $40 million campaign is designed to raise financial support that prepares students for the future, secure financial stability and growth, and build community and collaboration. This support is extremely important because of diminishing public support for higher education. With declines in public support, it becomes important for us, as members of the Truman family, to take proactive steps to improve Foundation endowments through the new campaign. Enhanced endowments will make it possible for Truman to fulfill its unique and high-quality educational mission. More importantly, it will provide scholarships for students that enrich the quality of their learning and learning experiences and enable the University to recruit and retain high-quality faculty that are the foundation of the University.

I encourage our Truman Family to work together in this exciting campaign to expand educational opportunities for Truman students and to strengthen the core tenants of access and exceptional quality and value.

“With declines in public support, it becomes important for us, as members of the Truman family, to take proactive steps to improve Foundation endowments through the new campaign.”

— DR. QUISENBERRY
“Pursue the Future” Campaign Priorities

**Scholarships - $25 million**

The campaign’s top priority, Truman is seeking to substantially elevate its scholarship program to a level that provides more opportunity and access to a Truman education. Scholarships make a tangible difference in the lives of students. Few gift opportunities have more direct impact than providing a financial helping hand in the educational process, and ensuring a Truman education for deserving students is at the core of the University mission. A robust scholarship program helps attract students to Truman and allows qualified students with significant financial need who wish to attend the University the opportunity to do so.

**Academic Programs and Faculty Support – $10 million**

Gifts to this priority will channel resources to bolster the teaching-learning environment at Truman. Reduction in state appropriation has placed downward pressure on operating budgets across the campus, and private gifts can provide additional resources for deans and department chairs for greatest priorities. Examples may include student participation in professional conferences, undergraduate research projects, faculty development, equipment and technology purchases, and lectureships. Endowed faculty chairs and professorships ensure teaching excellence and enable Truman to recruit and retain top faculty.

**Athletics - $2.5 million**

Intercollegiate athletics is an enriching experience for our student-athletes, and Truman fields more athletic teams (20) than any other institution in the state. Gifts to the Bulldog Fund and those designated to individual athletic teams enhance operations, equipment and scholarship dollars that are essential to keep athletic programs and facilities of the highest quality.

**Mission Enhancement/Truman Fund for Excellence – $2.5 million**

Unrestricted giving to the Truman Fund for Excellence allows the University to apportion resources to its greatest need areas. Each year, this fund supports a variety of priorities, including study abroad stipends for students, internship stipends for the Missouri Government Internship program, cultural programming, scholarships, library enhancements, equipment and technology purchases and faculty development.

An endowment to benefit Truman’s Chemistry department has been created through life insurance proceeds of more than $73,000 from the late Francis and Marian Wadsworth.

**Wadsworth Chemistry Program Endowment Established**

The life insurance gift arrangement, made in 1992, was established by Marian Wadsworth of The Woodlands, TX to honor her husband.

The Francis T. Wadsworth Chemistry Program Endowment is a multi-purpose fund designed to provide resources to strengthen the department. Fund usage includes professional development for faculty, support to student undergraduate research projects, emergency funds for students whose progress toward their degree is threatened without financial assistance, and equipment purchases.

A 1939 graduate, Francis Wadsworth served as a research chemist in the petroleum industry. He was working at Pan American Oil Refinery at the time of the 1947 Texas City (TX) disaster and survived the blast that remains the deadliest industrial accident in U.S. history. He passed away in 1988.

**Campaign Steering Committee**

- Dr. Sharron Quisenberry ('66), Chair
- Pinney Allen
- Dr. Cheryl Cozette
- Chuck Foudree ('66)
- Mike McClaskey ('85)
- Linda Miller ('70)
- Dr. Troy Paino, University President
- Dr. Larry Quisenberry ('66)
- Charles Woods ('86)
- Scott Zajac ('83)
Scholarship Funds Honor Faculty Couple, Colleagues

Between them, John and Jane Bartling taught and mentored hundreds of students within their respective Mathematics and Health and Exercise Science departments. Both Hannibal, Mo., natives, their collective Truman teaching careers spanned 61 years.

To recognize and commemorate this long and impactful record of service to students and the Truman community, Dr. John S. Bartling has made a gift of securities valued at nearly $65,000 to establish four new endowed scholarship funds with the Truman State University Foundation.

One scholarship honors his late wife, Jane Bartling, who passed away in the spring of 2013. Two others honor Jane’s colleagues and life-long friends, Regina Lindhorst and Jo Ann Weekley. These scholarships will benefit students studying in health and exercise science.

The fourth honors Dr. Bartling’s 31-year mathematics teaching career and is designed for students majoring in mathematics with preference for students from the Hannibal area.

Values as of June 30.
ITEM G
Finance and Auditing Committee Report

DESCRIPTION AND BACKGROUND

Sarah Burkemper, chair of the Finance and Auditing Committee, will provide a report on the committee meeting held on April 9.

RECOMMENDED ACTION

This is a discussion item only.
ITEM G.1
Financial Report

DESCRIPTION AND BACKGROUND

The following financial reports include a review as of February 28, 2014, of education and general revenues and expenditures and auxiliary systems revenues and expenditures and a review as of February 28, 2014, of the Truman State University Foundation revenues and expenditures.

RECOMMENDED ACTION

This is a discussion item only.

ATTACHMENT

Truman State University Financial Report
February 28, 2014 compared to February 28, 2013
Truman State University
Financial Report
February 28, 2014 compared to February 28, 2013

Education & General (Pages A1-A3)

Revenues total $77.8 million this year compared to $75.5 million a year ago, representing 83.83% of revenue budgeted for FY14 compared to 82.59% of the revenue budgeted for FY13. Total revenues are up $2.3 million, or 3.05% over last year.

State appropriations received as of February 28 total $26.2 million compared to $25.5 million last year an increase of $656,176, or 2.57%. At year-end, if the traditional 3% withholding stands for FY14, the increase over FY13 will be $575,583.

The enrollment and related fee category is up $1.2 million from last year, or 2.39%. Spring 2014 enrollment for the university is 5,598 compared to 5,720 last year (down 122 students). Combined with the level fall semester enrollment, the academic year headcount and full-time equivalent (FTE) is down 1.1%. Enrollment categories up significantly include fall semester enrollment (up $332,324), study abroad (up $290,545) and other fees (up $427,688).

Expenditures total $65.6 million this year compared to $62.5 million last year representing 68.73% of the expenditures budgeted for this year compared to 68.09% of the expenditures budgeted for last year. Overall, expenditures are up $3.1 million, or 4.97% over last year.

Faculty and staff salaries are up $231,507 primarily due to salary increases this past July. Fringe benefits show the following changes, retirement (up $387,161) and insurance (up $226,844), resulting from retirement and medical insurance rate increases. Equipment expenditures are up $742,742 due to the purchase of several larger equipment items including a server for Information Technology Services, vehicle fleet replacements, and a portion of Kirk Memorial renovation paid from current funds. Scholarships are up $715,291 primarily due to a return to a prior scholarship policy. Utilities are up $252,330 primarily due to a cold winter and increases in natural gas rates.

Auxiliary Systems (Pages B1-B3)

Revenues total $22.8 million this year compared to $23.8 million a year ago, representing 91.69% of the budgeted revenues for this year compared to 99.14% for last year. Total revenues are down $1.0 million, or 4.33% under last year. Housing occupancy this spring is down 196 residents, with 2,354 residents this year compared to 2,550 a year ago. Housing occupancy is down primarily due to the closure of one half of Centennial Hall for renovations, a smaller fall 2012 freshman class and a lower renewal rate.

Expenditures total $13 million this year compared to $12.9 million last year representing 50.3% of the current year's budget compared to 50.41% of the expenditures budgeted for last year. Total expenditures are up $104,455 from last year, or an increase of .81%. Significant changes include meal expense (down $135,264), supplies (up $206,626) and bond principal and interest (down $205,583). Meal expense is down due to reduced occupancy in the residence halls. The supply category includes furniture for the newly renovated Centennial Hall along with mattress replacements. The bond principal and interest is down due to the 2004 bond issue being refinanced.
Truman State University Foundation (Pages C1-C3)

Statement of Net Position (Page C-1)

Net position increased from $36.7 million a year ago to $41.5 million this year, an increase of $4.7 million. The most significant asset, cash and investments, is up from $36.4 million last year to $41.2 million this year. Loans Receivable is down from $920,603 last year to $748,980 this year.

Liabilities are down $89,923 from $649,882 last year to $559,959 this year.

Statement of Revenues, Expenses and Changes in Net Position (Pages C-2)

Through February 28, contributions and additions to permanent endowments total $1.5 million this year compared to $1.6 million last year, a decrease of $90,092. Both endowed and non-endowed contributions are down with a $88,517 decrease in contributions and a $1,575 decrease in donations classified as additions to permanent endowments.

Investment income net of fees shows a gain of $4.2 million this year compared to $3.3 million a year ago, an increase of $835,550. Realized gains totaled $508,034 this year compared to $1.4 million last year. Unrealized gains totaled $3.2 million this year compared to a $1.4 million gain last year.

Expenditures and transfers to other funds total $1.5 million this year compared to $1.2 million a year ago, an increase of $338,055. Significant differences are in scholarships (up $54,646) and Transfers to Truman’s capital fund totaled $270,000 for the planetarium project.

Investments Schedule (Page C-3)

Investments held by the Foundation including endowment, short-term, Long Trust, and annuities totaled $40.6 million this year compared to $35.9 million a year ago, an increase of $4.7 million. The Foundation also has a beneficial interest in three trusts that are not included in the financial statements. The three trusts totaled $3.4 million this year compared to $3.3 million last year, an increase of $137,526 with increases in all three trusts.
Truman State University  
Educational & General  
Budget to Actual  
For the period ending February 28

<table>
<thead>
<tr>
<th></th>
<th>FY14 Budget</th>
<th>FY14 To Date</th>
<th>Percent of Budget This Year</th>
<th>Percent of Budget Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education &amp; General</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriation</td>
<td>$40,512,994</td>
<td>$26,198,408</td>
<td>64.67%</td>
<td></td>
</tr>
<tr>
<td>Local Income</td>
<td>$52,257,786</td>
<td>$51,571,882</td>
<td>98.69%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Budgeted Revenues</strong></td>
<td>$92,770,780</td>
<td>$77,770,290</td>
<td>83.83%</td>
<td>82.59%</td>
</tr>
<tr>
<td>Roll over from prior year</td>
<td>$2,702,204</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Resources to Spend</strong></td>
<td>$95,472,984</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Salaries &amp; Fringe Benefits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty &amp; Staff Salaries</td>
<td>$37,517,001</td>
<td>$24,730,463</td>
<td>65.92%</td>
<td></td>
</tr>
<tr>
<td>Student Salaries</td>
<td>$3,307,598</td>
<td>$2,657,173</td>
<td>80.34%</td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>$14,010,044</td>
<td>$7,982,958</td>
<td>56.98%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Salaries &amp; Fringe Benefits</strong></td>
<td>$54,834,643</td>
<td>$35,370,594</td>
<td>64.50%</td>
<td>65.94%</td>
</tr>
<tr>
<td><strong>Equipment /Capitalized Expense</strong></td>
<td>$3,721,560</td>
<td>$1,541,798</td>
<td>41.43%</td>
<td>25.99%</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Expense</td>
<td>$13,879,092</td>
<td>$8,548,643</td>
<td>61.59%</td>
<td></td>
</tr>
<tr>
<td>Scholarships</td>
<td>$19,587,480</td>
<td>$18,308,744</td>
<td>93.47%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>$3,450,209</td>
<td>$1,844,128</td>
<td>53.45%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Operations</strong></td>
<td>$36,916,781</td>
<td>$28,701,515</td>
<td>77.75%</td>
<td>74.82%</td>
</tr>
<tr>
<td><strong>Total Education &amp; General</strong></td>
<td>$95,472,984</td>
<td>$65,613,907</td>
<td>68.73%</td>
<td>68.09%</td>
</tr>
</tbody>
</table>
# Truman State University
## Education & General
### Operating Receipts by Fund
#### For the period ending February 28

<table>
<thead>
<tr>
<th></th>
<th>FY12 Receipts</th>
<th>FY13 Receipts</th>
<th>FY14 Receipts</th>
<th>Change FY13 to FY14</th>
<th>% Change FY13 to FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education &amp; General</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriation</td>
<td>$25,746,504</td>
<td>$25,542,232</td>
<td>$26,198,408</td>
<td>$656,176</td>
<td>2.57%</td>
</tr>
<tr>
<td><strong>Total State Sourced Income</strong></td>
<td>$25,746,504</td>
<td>$25,542,232</td>
<td>$26,198,408</td>
<td>$656,176</td>
<td>2.57%</td>
</tr>
<tr>
<td>Enrollment &amp; Related Fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athletic Fees</td>
<td>$559,243</td>
<td>$552,778</td>
<td>$546,713</td>
<td>$(6,065)</td>
<td>-1.10%</td>
</tr>
<tr>
<td>Enrollment Fees</td>
<td>$46,017,284</td>
<td>$46,789,315</td>
<td>$47,954,862</td>
<td>$1,165,547</td>
<td>2.49%</td>
</tr>
<tr>
<td>Student Activity Fees</td>
<td>$469,793</td>
<td>$464,365</td>
<td>$459,354</td>
<td>$(5,011)</td>
<td>-1.08%</td>
</tr>
<tr>
<td>Student Health Clinic Fees</td>
<td>$290,809</td>
<td>$298,501</td>
<td>$295,225</td>
<td>$(3,276)</td>
<td>-1.10%</td>
</tr>
<tr>
<td><strong>Total Enrollment &amp; Related Fees</strong></td>
<td>$47,337,129</td>
<td>$48,104,959</td>
<td>$49,256,154</td>
<td>$1,151,195</td>
<td>2.39%</td>
</tr>
<tr>
<td>Other Income</td>
<td>$1,543,701</td>
<td>$1,923,219</td>
<td>$2,315,728</td>
<td>$492,509</td>
<td>27.01%</td>
</tr>
<tr>
<td><strong>Total Education &amp; General</strong></td>
<td>$74,627,334</td>
<td>$75,470,410</td>
<td>$77,770,290</td>
<td>$2,299,880</td>
<td>3.05%</td>
</tr>
</tbody>
</table>
Truman State University  
Education & General  
Operating Expense by Fund  
For the period ending February 28

<table>
<thead>
<tr>
<th>FY12 Expense</th>
<th>FY13 Expense</th>
<th>FY14 Expense</th>
<th>Change FY13 to FY14</th>
<th>% Change FY13 to FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education &amp; General</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Fringe Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty &amp; Staff Salaries</td>
<td>$24,120,764</td>
<td>$24,498,956</td>
<td>$24,730,463</td>
<td>$231,507</td>
</tr>
<tr>
<td>Student Salaries</td>
<td>$2,799,599</td>
<td>$2,782,945</td>
<td>$2,657,173</td>
<td>$(125,772)</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>$7,135,099</td>
<td>$7,371,053</td>
<td>$7,982,958</td>
<td>$611,905</td>
</tr>
<tr>
<td><strong>Total Salary &amp; Fringe Benefits</strong></td>
<td>$34,055,462</td>
<td>$34,652,954</td>
<td>$35,370,594</td>
<td>$717,640</td>
</tr>
<tr>
<td>Equipment/Capitalized Expense</td>
<td>$628,023</td>
<td>$799,056</td>
<td>$1,541,798</td>
<td>$742,742</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>$789,215</td>
<td>$597,464</td>
<td>$678,706</td>
<td>$81,242</td>
</tr>
<tr>
<td>Maintenance Contracts</td>
<td>$815,538</td>
<td>$848,478</td>
<td>$903,139</td>
<td>$54,661</td>
</tr>
<tr>
<td>Meals/Banquets/Refreshments</td>
<td>$153,011</td>
<td>$135,286</td>
<td>$141,750</td>
<td>$6,464</td>
</tr>
<tr>
<td>Other Expense</td>
<td>$3,881,768</td>
<td>$3,949,021</td>
<td>$4,385,197</td>
<td>$436,176</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$1,255,917</td>
<td>$1,328,973</td>
<td>$1,327,780</td>
<td>$(1,193)</td>
</tr>
<tr>
<td>Scholarships</td>
<td>$18,104,880</td>
<td>$17,593,453</td>
<td>$18,308,744</td>
<td>$715,291</td>
</tr>
<tr>
<td>Supplies</td>
<td>$1,058,905</td>
<td>$1,008,243</td>
<td>$1,112,071</td>
<td>$103,828</td>
</tr>
<tr>
<td>Utilities</td>
<td>$1,571,287</td>
<td>$1,591,798</td>
<td>$1,844,128</td>
<td>$252,330</td>
</tr>
<tr>
<td><strong>Total Operations</strong></td>
<td>$27,630,521</td>
<td>$27,052,716</td>
<td>$28,701,515</td>
<td>$1,648,799</td>
</tr>
</tbody>
</table>

**Total Education & General**  
| $62,314,006 | $62,504,726 | $65,613,907 | $3,109,181 | 4.97% |
Truman State University
Auxiliary
Budget to Actual
For the period ending February 28

<table>
<thead>
<tr>
<th></th>
<th>FY14 Budget</th>
<th>FY14 To Date</th>
<th>Percent of Budget This Year</th>
<th>Percent of Budget Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auxiliary</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residence Halls</td>
<td>$ 21,365,000</td>
<td>$ 19,875,447</td>
<td>93.03%</td>
<td></td>
</tr>
<tr>
<td>Student Union</td>
<td>$ 1,420,000</td>
<td>$ 1,301,618</td>
<td>91.66%</td>
<td></td>
</tr>
<tr>
<td>Recreation Center</td>
<td>$ 1,345,500</td>
<td>$ 1,251,429</td>
<td>93.01%</td>
<td></td>
</tr>
<tr>
<td>Other Auxiliary</td>
<td>$ 685,000</td>
<td>$ 324,391</td>
<td>47.36%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Budgeted Revenues</strong></td>
<td>$ 24,815,500</td>
<td>$ 22,752,885</td>
<td>91.69%</td>
<td>99.14%</td>
</tr>
<tr>
<td>Roll over from prior year</td>
<td>$ 1,088,521</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from Foundation</td>
<td></td>
<td>$ 28,528</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Resources to Spend</strong></td>
<td>$ 25,904,021</td>
<td>$ 22,781,412</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Fringe Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$ 2,085,757</td>
<td>$ 1,382,694</td>
<td>66.29%</td>
<td></td>
</tr>
<tr>
<td>Student Salaries</td>
<td>$ 1,408,716</td>
<td>$ 893,701</td>
<td>63.44%</td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>$ 1,110,313</td>
<td>$ 662,756</td>
<td>59.69%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Salaries &amp; Fringe Benefits</strong></td>
<td>$ 4,604,786</td>
<td>$ 2,939,151</td>
<td>63.83%</td>
<td>62.16%</td>
</tr>
<tr>
<td>Equipment/Capitalized Expense</td>
<td>$ 815,883</td>
<td>$ 133,318</td>
<td>16.34%</td>
<td>11.37%</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Principal &amp; Interest</td>
<td>$ 4,692,068</td>
<td>$ 1,199,664</td>
<td>25.57%</td>
<td></td>
</tr>
<tr>
<td>Meals/Banquets/Refreshments</td>
<td>$ 7,150,000</td>
<td>$ 4,115,752</td>
<td>57.56%</td>
<td></td>
</tr>
<tr>
<td>Other Expense</td>
<td>$ 4,304,721</td>
<td>$ 1,616,729</td>
<td>37.56%</td>
<td></td>
</tr>
<tr>
<td>Scholarships</td>
<td>$ 1,575,000</td>
<td>$ 1,646,996</td>
<td>104.57%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>$ 2,781,563</td>
<td>$ 1,378,224</td>
<td>49.91%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Operations</strong></td>
<td>$ 20,493,352</td>
<td>$ 9,957,365</td>
<td>48.61%</td>
<td>49.37%</td>
</tr>
<tr>
<td><strong>Total Auxiliary</strong></td>
<td>$ 25,904,021</td>
<td>$ 13,029,834</td>
<td>50.30%</td>
<td>50.41%</td>
</tr>
<tr>
<td></td>
<td>FY12 Receipts</td>
<td>FY13 Receipts</td>
<td>FY14 Receipts</td>
<td>Change FY13 to FY14</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------------</td>
<td>---------------</td>
<td>--------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Residence Halls</td>
<td>$21,269,757</td>
<td>$20,911,543</td>
<td>$19,875,447</td>
<td>$(1,036,096)</td>
</tr>
<tr>
<td>Student Union</td>
<td>$1,313,326</td>
<td>$1,267,279</td>
<td>$1,301,918</td>
<td>$34,639</td>
</tr>
<tr>
<td>Recreation Center</td>
<td>$1,272,893</td>
<td>$1,247,085</td>
<td>$1,251,549</td>
<td>$4,464</td>
</tr>
<tr>
<td>Other Auxiliary</td>
<td>$363,270</td>
<td>$387,164</td>
<td>$352,498</td>
<td>$(34,666)</td>
</tr>
<tr>
<td><strong>Total Auxiliary</strong></td>
<td><strong>$24,219,246</strong></td>
<td><strong>$23,813,071</strong></td>
<td><strong>$22,781,412</strong></td>
<td><strong>$(1,031,659)</strong></td>
</tr>
</tbody>
</table>
## Truman State University
### Auxiliary
#### Operating Expense by Fund
For the period ending February 28

<table>
<thead>
<tr>
<th></th>
<th>FY12 Expense</th>
<th>FY13 Expense</th>
<th>FY14 Expense</th>
<th>Change FY13 to FY14</th>
<th>% Change FY13 to FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auxiliary</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Salaries &amp; Fringe Benefits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$1,281,626</td>
<td>$1,328,905</td>
<td>$1,382,694</td>
<td>$53,789</td>
<td>4.05%</td>
</tr>
<tr>
<td>Student Salaries</td>
<td>$822,358</td>
<td>$852,935</td>
<td>$893,701</td>
<td>$40,766</td>
<td>4.78%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>$574,945</td>
<td>$612,853</td>
<td>$662,756</td>
<td>$49,903</td>
<td>8.14%</td>
</tr>
<tr>
<td><strong>Total Salary &amp; Fringe Benefits</strong></td>
<td>$2,678,929</td>
<td>$2,794,693</td>
<td>$2,939,151</td>
<td>$144,458</td>
<td>5.17%</td>
</tr>
<tr>
<td><strong>Equipment/Capitalized Expense</strong></td>
<td>$56,717</td>
<td>$92,801</td>
<td>$133,318</td>
<td>$40,517</td>
<td>43.66%</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>$105,030</td>
<td>$112,958</td>
<td>$56,943</td>
<td>(56,015)</td>
<td>-49.59%</td>
</tr>
<tr>
<td>Maintenance Contracts</td>
<td>$166,740</td>
<td>$188,408</td>
<td>$235,282</td>
<td>$46,874</td>
<td>24.88%</td>
</tr>
<tr>
<td>Meals/Banquets/Refreshments</td>
<td>$4,688,009</td>
<td>$4,251,016</td>
<td>$4,115,752</td>
<td>(135,264)</td>
<td>-3.18%</td>
</tr>
<tr>
<td>Other Expense</td>
<td>$683,443</td>
<td>$707,135</td>
<td>$671,824</td>
<td>(35,311)</td>
<td>-4.99%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$190,397</td>
<td>$162,932</td>
<td>$148,431</td>
<td>(14,501)</td>
<td>-8.90%</td>
</tr>
<tr>
<td>Scholarships</td>
<td>$1,520,000</td>
<td>$1,575,000</td>
<td>$1,646,996</td>
<td>$71,996</td>
<td>4.57%</td>
</tr>
<tr>
<td>Supplies</td>
<td>$360,459</td>
<td>$297,623</td>
<td>$504,249</td>
<td>$206,626</td>
<td>69.43%</td>
</tr>
<tr>
<td>Utilities</td>
<td>$1,265,476</td>
<td>$1,337,566</td>
<td>$1,378,224</td>
<td>$40,658</td>
<td>3.04%</td>
</tr>
<tr>
<td>Bond Principal &amp; Interest</td>
<td>$1,431,484</td>
<td>$1,405,247</td>
<td>$1,199,664</td>
<td>(205,583)</td>
<td>-14.63%</td>
</tr>
<tr>
<td><strong>Total Operations</strong></td>
<td>$10,411,038</td>
<td>$10,037,885</td>
<td>$9,957,365</td>
<td>(80,520)</td>
<td>-0.80%</td>
</tr>
<tr>
<td><strong>Total Auxiliary</strong></td>
<td>$13,146,684</td>
<td>$12,925,379</td>
<td>$13,029,834</td>
<td>$104,455</td>
<td>0.81%</td>
</tr>
<tr>
<td>Assets</td>
<td>28-Feb-13 FY13</td>
<td>28-Feb-14 FY14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>---------------</td>
<td>---------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 447,569</td>
<td>$ 546,205</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short Term Investments</td>
<td>$ 1,873,134</td>
<td>$ 1,752,341</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>$ -</td>
<td>$ 8,900</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans Receivable, net of allowance</td>
<td>$ 304,720</td>
<td>$ 289,331</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$ 2,625,423</td>
<td>$ 2,596,777</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>$ 34,031,839</td>
<td>$ 38,892,784</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans Receivable, net of allowance</td>
<td>$ 615,883</td>
<td>$ 459,649</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Value of Life Insurance</td>
<td>$ 115,343</td>
<td>$ 87,120</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>$ 34,763,065</td>
<td>$ 39,439,553</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 37,388,488</td>
<td>$ 42,036,330</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$ 97,282</td>
<td>$ 30,908</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annuities &amp; Trusts Payable</td>
<td>$ 22,904</td>
<td>$ 11,070</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>$ 120,186</td>
<td>$ 41,979</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annuities &amp; Trusts Payable</td>
<td>$ 529,696</td>
<td>$ 517,980</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>$ 529,696</td>
<td>$ 517,980</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$ 649,882</td>
<td>$ 559,959</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$ 36,738,606</td>
<td>$ 41,476,371</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Truman State University Foundation  
Statement of Revenues, Expenses & Changes in Net Position  
February 28, 2013 Compared to February 28, 2014

<table>
<thead>
<tr>
<th></th>
<th>28-Feb-13 FY13</th>
<th>28-Feb-14 FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Student Loan Receivable</td>
<td>$ 33,943</td>
<td>$ 28,526</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$ 33,943</td>
<td>$ 28,526</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarships</td>
<td>$ 523,830</td>
<td>$ 578,476</td>
</tr>
<tr>
<td>Supplies &amp; Other Services</td>
<td>$ 261,207</td>
<td>$ 220,929</td>
</tr>
<tr>
<td>Travel Expense</td>
<td>$ 48,076</td>
<td>$ 75,748</td>
</tr>
<tr>
<td>Other Expense</td>
<td>$ 99,153</td>
<td>$ 94,077</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$ 932,266</td>
<td>$ 969,230</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Gain (Loss)</strong></td>
<td>$ (898,323)</td>
<td>$ (940,704)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-Operating Revenues (Expenses)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 916,511</td>
<td>$ 827,994</td>
</tr>
<tr>
<td>Interest &amp; Dividends</td>
<td>$ 551,264</td>
<td>$ 541,750</td>
</tr>
<tr>
<td>Realized Gain (Loss)</td>
<td>$ 1,444,484</td>
<td>$ 508,034</td>
</tr>
<tr>
<td>Unrealized Gain (Loss)</td>
<td>$ 1,389,530</td>
<td>$ 3,179,910</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>$ 22,879</td>
<td>$ 29,049</td>
</tr>
<tr>
<td>Other Non-Operating Expense</td>
<td>$ (50,058)</td>
<td>$ (58,924)</td>
</tr>
<tr>
<td>Net Non-Operating Revenues (Expenses)</td>
<td>$ 4,274,612</td>
<td>$ 5,027,814</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before other Revenues, Expenses, Gains, Losses &amp; Transfers</td>
<td>$ 3,376,289</td>
<td>$ 4,087,110</td>
</tr>
<tr>
<td>Additions to Permanent Endowments</td>
<td>$ 722,310</td>
<td>$ 720,735</td>
</tr>
<tr>
<td>Transfers to Education and General for Administration</td>
<td>$ (79,533)</td>
<td>$ (79,533.34)</td>
</tr>
<tr>
<td>Transfers to Education and General</td>
<td>$ (157,276)</td>
<td>$ (173,703.79)</td>
</tr>
<tr>
<td>Transfer to Auxiliary - Other</td>
<td>$ (13,478)</td>
<td>$ (28,107.63)</td>
</tr>
<tr>
<td>Transfer to Fundraising</td>
<td></td>
<td>$ (33.00)</td>
</tr>
<tr>
<td>Transfer to Capital Fund</td>
<td></td>
<td>$ (270,000.00)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Net Assets</td>
<td>$ 3,848,312</td>
<td>$ 4,256,467</td>
</tr>
<tr>
<td>Net Position, Beginning of Year</td>
<td>$ 32,890,294</td>
<td>$ 37,219,903</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Position Ending Balance</td>
<td>$ 36,738,606</td>
<td>$ 41,476,371</td>
</tr>
</tbody>
</table>
# Truman State University Foundation

## Investments Schedule

February 28, 2013 Compared to February 28, 2014

<table>
<thead>
<tr>
<th>Investments</th>
<th>28-Feb-13 FY13</th>
<th>28-Feb-14 FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Invested with Outside Manager</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment Pool</td>
<td>$32,498,326</td>
<td>$37,263,300</td>
</tr>
<tr>
<td><strong>Total Endowment Pool</strong></td>
<td>$32,498,326</td>
<td>$37,263,300</td>
</tr>
<tr>
<td>Short-Term Pool</td>
<td>$1,873,134</td>
<td>$1,752,341</td>
</tr>
<tr>
<td>Long Trust</td>
<td>$605,339</td>
<td>$657,328</td>
</tr>
<tr>
<td>Courtright Elmwood Unitrust</td>
<td>$33,346</td>
<td>$35,703</td>
</tr>
<tr>
<td>Rufener M.E.T. Unitrust</td>
<td>$30,312</td>
<td>$31,498</td>
</tr>
<tr>
<td>Annuities Payable - CGA</td>
<td>$763,872</td>
<td>$804,157</td>
</tr>
<tr>
<td>Fitzpatrick - CA CGA</td>
<td>$70,952</td>
<td>$75,112</td>
</tr>
<tr>
<td>Annuities Payable - FL CGA</td>
<td>$29,692</td>
<td>$25,685</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>$35,904,973</td>
<td>$40,645,125</td>
</tr>
</tbody>
</table>

## Beneficial Interest in Trusts

- **Invested through Citizens Bank, Chillicothe, MO**

ITEM G.2
Depositary Bank

DESCRIPTION AND BACKGROUND

Truman solicited proposals by advertising in Kirksville and Columbia, Missouri, by sending bid documents directly to six banks and by posting on Truman’s Purchasing’s website. Two proposals were received. The Request for Proposal (RFP) included banking services such as primary checking, wire transfer, lockbox, and direct deposit. There are multiple banking and lock box accounts which are utilized by the University and the Truman State University Foundation. These accounts handle checks and Automated Clearing House (ACH) transactions for processes including payroll, student loans, tuition payments, and payments to vendors. The proposals from US Bank and Bank of Kirksville both indicated the capability to provide all of the requested services for the University. The five member evaluation committee included representatives from both Education & General and the Auxiliary areas of the campus. Evaluation criteria included cost to Truman, services to be provided, financial stability of the bank, references, and the availability of new and optional services. Based on the analysis of the proposed services and fees, Bank of Kirksville is the lowest and best proposal.

RECOMMENDED ACTION

BE IT RESOLVED that Bank of Kirksville of Kirksville, Missouri, be appointed as depositary for the University’s checking accounts during the 2014 and 2015 fiscal years; and

BE IT FURTHER RESOLVED that the President of the University be authorized to execute a contract with Bank of Kirksville for its services as such depositary.

Moved by ______________________
Seconded by ______________________
Vote: Aye ______________________
Nay ______________________

Board of Governors -- April 12, 2014
ITEM G.3
Resolution Amending a Portion of Chapter 9 of the Code of Policies of the Board of Governors Pertaining to Investments

DESCRIPTION AND BACKGROUND

PFM Asset Management LLC has reviewed the investment policy and has made two recommendations to amend the policy. The first recommendation is to revise language for Negotiable Certificates of Deposit in order to be more consistent with the current maximum maturity limit of five years. The second recommendation is to increase the corporate bond holdings limit from a maximum of 20% to a maximum of 25% in order to provide further diversification and increase the return potential of the portfolio.

RECOMMENDED ACTION

BE IT RESOLVED that Section 9.050.6 G. is hereby deleted and a new Section 9.050.6 G is enacted as follows:

9.050.6 G. Negotiable Certificates of Deposit – Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a federally- or state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated “A-”, its equivalent, or better by two nationally recognized statistical-rating services.

BE IT FURTHER RESOLVED that Section 9.050.7.1, entitled Security Type Limits, with regard to the maximum allocations of Corporate Bonds is hereby amended by changing the limit from “no more than 20%” to “no more than 25%.”

Moved by
Seconded by
Vote: Aye
Nay

ATTACHMENT

Memorandum from PFM Asset Management LLC dated January 16, 2014
Memorandum

To: Truman State University
   Judy Mullins, Treasurer

Truman State University Board of Governors

From: PFM Asset Management LLC
   Maria Altomare, Managing Director & Engagement Manager
   Robert Cheddar, CFA, Managing Director & Senior Portfolio Manager

Re: Suggested Updates for University's Investment Policy

FFMAM has two suggested Investment Policy updates for consideration by the Board, as outlined below:

1) We recommend moderately increasing the overall corporate bond holdings limit from a current maximum of 20% to 25% in order to provide further diversification and increase the return potential of the portfolio. (Please see page 8 of the Investment Policy.)

2) We recommend updating the Investment Policy's language for Negotiable CDs, as outlined below. The recommended change in rating requirements is more consistent with the current maximum maturity limit of 5 years.

New language:

G. Negotiable Certificates of Deposit - Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a federally- or state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated "A-", its equivalent, or better by two nationally recognized statistical-rating service.

Old language (on page 7 of the Investment Policy):

G. Negotiable Certificates of Deposit – Negotiable certificates of deposit issued by a nationally or state-chartered bank or by a nationally or state-licensed branch of a foreign bank. At the time of purchase, the security must have a short-term rating of A-1, P-1, or the equivalent by at least two nationally recognized statistical rating organizations.
Important Disclosures
This information provided is only intended for institutional and/or sophisticated professional investors and may not be suitable for all investors. It should not be construed as an offer or to purchase/sell any investment. Any investment or strategy referenced may involve significant risks, including, but not limited to: risk of loss, illiquidity, or failure to achieve desired objectives.

The views expressed within this material constitute the perspective and judgment of PFM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue, and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.

PFM Asset Management LLC is a U.S. SEC registered investment adviser.
INVESTMENT POLICY STATEMENT

April 2014
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    Yield

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9.050.0 Investments

The investment of funds is handled in the following manner. This section may be referred to as the “Investment Policy”.

9.050.1 Scope

This policy applies to the investment of all financial assets of the University eligible for investment and which are accounted for in the University’s annual financial reports.

Source: Resolution of the Board dated April 5, 2003

9.050.2 Delegation of Authority

The statutes of the State of Missouri, Chapters 172 and 174 (Section 174.630 R.S. Mo) (1995), authorize the Board of Governors to manage the University’s investment program. Deposit and investment of state funds must comply with Article IV, Section 15 of the Missouri Constitution and Chapters 30 and 110 of the Revised Statutes of Missouri. The Board of Governors hereby delegates responsibility for the management of the investment program and written procedures for the operation of the investment program to the President of the University. The Treasurer has the authority to receive and disburse funds of the University.

9.050.3 General Investment Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield.

1. Safety
Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

A. Credit Risk
Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The University will manage credit risk by:

- Establishing minimum credit ratings for each non-government security type.
- Implementing a credit review and approval process, or hiring an outside registered investment advisor that has such a process.
- Diversifying the portfolio to reduce the risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or type of securities.

B. Interest Rate Risk
Interest rate risk is the risk that the portfolio value will fluctuate due to changes in
the general level of interest rates. It is recognized that all fixed-income investments carry some interest rate risk, and that longer maturities have greater volatility than shorter maturities. The University will manage interest rate risk by:

- Maintaining adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.
- Establishing maximum individual investment maturity (or duration) and maximum portfolio average maturity (or portfolio duration) limits.
- Structuring the investment portfolio so that securities mature to meet expected cash requirements for ongoing operations, seeking to avoid the need to sell securities prior to maturity.

2. **Liquidity**
   The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). The portfolio may be placed in repurchase agreements or other investment options that offer same-day liquidity.

3. **Yield**
   The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the University’s investment risk constraints and liquidity needs. The University may establish a performance benchmark to evaluate performance; however, return on investment is of secondary importance compared to the safety and liquidity objectives described above. Investments are limited to securities considered relatively low risk in anticipation of earning a fair return relative to the risk being assumed.

9.050.4 **Standards of Care**

1. **Prudence**
   All University officers and employees involved in the investment process shall act responsibly as custodians of the public trust. The standard of prudence to be applied is the “prudent investor” rule, which states, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

2. **Ethics and Conflicts of Interest**
   Officers and employees 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.
Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the University.

9.050.5 Safeguards and Controls

1. Internal Controls
The President is responsible for establishing and maintaining an internal control structure that will be reviewed annually with the University’s independent auditor. The internal control structure shall be designed to ensure that the assets of the University are protected from loss, theft or misuse and to provide reasonable assurance that these objectives are met. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.

The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery of securities
- Clear delegation of authority to subordinate staff members or an outside investment advisor
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third party custodian

2. Third-Party Safekeeping
Securities will be held by an independent third-party safekeeping institution selected by the University. All securities will be evidenced by safekeeping receipts in the University’s name. The safekeeping institution shall annually provide a copy of its most recent report on internal controls - Service Organization Control Reports (formerly 70, or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011).

3. Delivery vs. Payment
All trades, where applicable, will be settled on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the University’s safekeeping accounts prior to the release of funds. All securities shall be perfected in the name of or for the account of the University and shall be held by a third-party custodian as evidenced by safekeeping receipts.
4. **Sales Prior to Maturity**

Securities may be sold prior to maturity for the following reasons:

- To meet unexpected liquidity needs,
- To reduce credit risk or minimize loss of principal,
- As part of a security swap that would improve the quality, yield, or expected return of the portfolio,
- To adjust or rebalance the portfolio to be in compliance with policy guidelines, to better match expected cash flows, to better match the target portfolio duration, or to better match a designated performance benchmark.

5. **External Management of Funds**

Investment through an external registered investment advisor, programs, facilities and professionals operating in a manner consistent with this policy will constitute compliance.

9.050.6 **Authorized Investments**

1. **Investment Types**

The following security types are authorized for the investments of funds by the University:

A. United States Treasury Securities - U.S. Treasury and other government obligations that carry the full faith and credit of the United States for the payment of principal and interest. This includes investment in Treasury bills, notes, bonds, strips, and Treasury inflation protected securities (TIPS).

B. United States Agency Securities - Obligations, participations, or other instruments issued or guaranteed by any U.S. government agency, instrumentality, or government sponsored enterprise (GSE). This includes investment in coupon issues, zero coupon issues and strips, discount notes, callables, step-up coupons, floating-rate coupons, and mortgage-backed securities.

C. Repurchase Agreements - Repurchase agreements between the University and a commercial bank or primary government securities dealer. Investment in repurchase agreements must be covered by a signed master repurchase agreement substantially of the standard form designated by SIFMA. Acceptable collateral includes only securities in A. and B. above, and must be collateralized at a minimum of 102%.

D. Collateralized Public Deposits (Certificates of Deposit) -- Instruments issued by financial institutions which state that specified sums have been deposited for specified periods of time and at specified rates of interest. The certificates of deposit are required to be backed by acceptable collateral securities as described in §§ 110.010 -.020, RSMo.
E. Bankers' Acceptances - Time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances. The University may invest in bankers' acceptances issued by domestic commercial banks rated A-1, P-1, or the equivalent by at least two nationally recognized statistical rating organizations (NRSROs). Purchases of bankers’ acceptances may not exceed 180 days to maturity.

F. Commercial Paper - Commercial paper rated A-1, P-1, or the equivalent by at least two nationally recognized statistical rating organizations. Eligible paper is further limited to issuing corporations that have a total commercial paper program size in excess of $500,000,000 and have long term debt ratings, if any, of “A” or better from at least one NRSRO. Purchases of commercial paper may not exceed 270 days to maturity.

G. Negotiable Certificates of Deposit - Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a federally- or state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated "A-", its equivalent, or better by two nationally recognized statistical-rating services.

H. Corporate Bonds – Investment grade corporate bonds, rated A- or better by at least two nationally recognized statistical rating organizations (NRSROs).

I. Money Market Mutual Funds – Registered money market mutual funds that adhere to SEC rule 2a-7, and are rated AAAm or the equivalent by at least one nationally recognized statistical rating organization.

2. Investment Restrictions and Prohibited Transactions

To provide for the safety and liquidity of the University's funds, the investment portfolio will be subject to the following restrictions:

- Borrowing for investment purposes (“leverage”) is prohibited.
- Reverse repurchase agreements are prohibited.
- Investments in complex derivatives are prohibited. Prohibited investments include inverse floaters, leveraged floaters, mortgage-backed IOs and POs, equity- or currency-linked securities, options, futures, swaps, caps, floors, and collars.
- Contracting to sell securities not yet acquired (short sale) is prohibited.
- Investment in any form of mutual fund, other than registered money market mutual funds, is prohibited.

3. Collateralization

Collateralization will be required on three types of investments: certificates of deposit, repurchase agreements and Letters of Credit from the Federal Home Loan Bank. The market value (including accrued interest) of the collateral should be at least 100%.
For certificates of deposit, the market value of collateral must be at least 100% or greater of the amount of certificates of deposits plus demand deposits with the depository, less the amount, if any, which is insured by the Federal Deposit Insurance Corporation, or the National Credit Unions Share Insurance Fund.

All securities, which serve as collateral against the deposits of a depository institution, must be safe kept at a non-affiliated custodial facility. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary custodial receipts within five business days from the settlement date.

The University shall have a depositary contract and pledge agreement with each safekeeping bank that will comply with the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This will ensure that the University's security interest in collateral pledged to secure deposits is enforceable against the receiver of a failed financial institution.

4. **Repurchase Agreements**
The securities for which repurchase agreements will be transacted will be limited to U.S. Treasury and government agency securities that are eligible to be delivered via the Federal Reserve Fedwire book entry system. Securities will be delivered to the University’s designated Custodial Agent either on a delivery vs. payment basis or through a tri-party arrangement.

9.050.7 **Additional Limitations**

1. **Security Type Limits**
Investments shall be diversified, subject to the following maximum allocations per security type:

- U.S. Treasuries and securities guaranteed by the U.S. Government...............no limit
- Collateralized time and demand deposits...............................................................no limit
- U.S. Government agencies, instrumentalities and government
  sponsored enterprises..................................................................................................no limit
- U.S. Government agencies callable securities......................................................no more than 30%
- Collateralized repurchase agreements.................................................................no limit
- Commercial paper, bankers’ acceptances, and negotiable certificates of deposit
  (combined)..............................................................................................................no more than 50%
- Corporate Bonds....................................................................................................no more than 25%
- Money Market Mutual Funds.................................................................................no more than 20%

2. **Maximum Maturities**
To the extent possible, the University shall attempt to match its investments with anticipated cash flow requirements. No investment shall have a maturity longer than 5 years from the date of settlement. Investments are subject to the following maximum maturities:
• U.S. Treasuries 5 years
• U.S. Government Agencies 5 years
• Repurchase Agreements 90 days
• Bankers' acceptances 180 days
• Commercial paper 270 days
• Corporate Bonds 5 years
• Negotiable CDs 5 years

The University's portfolio shall have a duration consistent with its investment and liquidity objectives, and a maximum duration of 3 years. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as bank deposits, overnight repurchase agreements or money market mutual funds to ensure that appropriate liquidity is maintained to meet ongoing obligations.

3. Issuer Limit
No more than 5% of the total market value of the portfolio may be invested in any one non-government issuer. Investments in bankers' acceptances, commercial paper, and negotiable CDs will be combined to determine aggregate exposure.

9.050.8 Reporting

1. Methods
The Treasurer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner that will allow the University to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the Board of Governors of the University. The report will include the following:

• Listing of individual securities held at the end of the reporting period.
• Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration (in accordance with Government Accounting Standards Board (GASB) 31 requirements). [Note, this is only required annually]
• Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
• Listing of investment by maturity date.
• Percentage of the total portfolio which each type of investment represents.
• Listing of each financial institution and security broker/dealer handling University investments.
• Copies of the most recent statements from each financial institution and security broker/dealer handling University investments.
2. **Performance Standards**

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should seek to obtain a market average rate of return over a full market/economic cycle. A benchmark may be established against which portfolio performance shall be compared on a quarterly basis.

3. **Marking to Market**

The market value of the portfolio shall be calculated at least monthly and a statement of the market value of the portfolio shall be issued at least annually to the Board of Governors of the University. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed.

4. **Credit Downgrades**

Credit ratings should be monitored on a regular basis. The University or its investment advisor shall review any downgrades below the minimum ratings guidelines and recommend an appropriate course of action.

9.050.9 **Policy Considerations**

1. **Exemption**

Any investment held as of the date of the adoption of this policy that does not meet the guidelines of this policy shall be exempt from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

The policy shall be reviewed annually by the Investment Officer, as designated by the President of the University, and recommended changes will be presented to the Board of Governors for consideration.