

Appendix B – Public Funds Permitted Investments

Applicable University Funds may be invested in security types permitted by Virginia Investment of Public Funds Act (“IPFA”) §2.2-4500 et seq., bank deposits collateralized under the guidelines of the Security for Public Deposits Act §2.2-4400 et seq., and other investments permitted under the Code of Virginia. Permitted investments include:

- I. U.S. Treasury Obligations. Bills, notes and any other obligation or security issued by or backed by the full faith and credit of the United States Treasury, as described by Code of Virginia §2.2-4501.
- II. Federal Agency/GSE Obligations. Bonds, notes and other obligations of the United States, and securities issued by any rated federal government agency or instrumentality or government sponsored enterprise as described by Code of Virginia §2.2-4501.
- III. U.S. Dollar Denominated Supranational Agency Bonds. Bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development, by the Asian Development Bank or by the African Development Bank, as described by Code of Virginia §2.2-4501.
- IV. Municipal Obligations. Bonds, notes and other general obligations of any state and its agencies, authorities, and political subdivisions upon which there is no default, and otherwise meets the requirements of Code of Virginia §2.2-4501.
- V. Commercial Paper. “Prime quality” commercial paper issued by domestic corporations (corporations organized and operating under the laws of the United States or any state thereof) which otherwise meets the requirements of Code of Virginia §2.2-4502.
- VI. Bankers’ Acceptance. Issued by domestic banks or a federally chartered office of a foreign bank, which are eligible for purchase by the Federal Reserve System as described by Code of Virginia §2.2-4504.
- VII. Negotiable Certificates of Deposit and Bank Deposit Notes. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks and otherwise meeting the requirements of Code of Virginia §2.2-4509.
- VIII. Corporate Notes. Unsecured promissory notes issued by corporations, and otherwise meeting the requirements of Code of Virginia §2.2-4510.
- IX. Asset Backed Securities. Securities for which principal and income payments are derived from and collateralized by a specific pool of underlying assets, and otherwise meeting the requirements of Code of Virginia §2.2-4511.
- X. Bank Deposits and Non-Negotiable Certificates of Deposit. Demand deposits, time deposits, and other deposits that comply with all aspects of SPDA or with §2.2-4518.

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- XI. Mutual Funds (Open-Ended Investment Funds). Shares in open-end, no-load investment funds provided such funds are registered under the Federal Investment Company Act of 1940. Mutual funds are restricted to investments otherwise permitted by Code of Virginia §2.2-4500 et seq.
- XII. Local Government Investment Pools. Pooled investment programs as defined by Code of Virginia §2.2-4600 et seq. and §2.2-4700 et seq. The University may invest in two different types of Pools:
 - A. Principal Stability Pools that operate in compliance with the amortized cost guidelines of the Government Accounting Standards Board’s Statement 79 (“GASB 79”); and
 - B. Short-Term Bond Pools that may have a longer average maturity than principal stability pools and a fluctuating net asset value.
- XIII. Repurchase Agreements. Overnight repurchase agreements meeting the guidelines of Code of Virginia §2.2-4507 and provided that the following conditions are met:
 - A. The contract is fully secured by deliverable U.S. government obligations as described in paragraphs A or B above and having a market value at all times of at least one hundred and two percent (102%) of the amount of the contract;
 - B. A Master Repurchase Agreement or specific written Repurchase Agreement governs the transaction;
 - C. The securities are free and clear of any lien and held by an independent third party custodian acting solely as agent for the University, provided such third party is not the seller under the repurchase agreement;
 - D. A perfected first security interest under the Uniform Commercial Code in accordance with book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities as created for the benefit of the University;
 - E. The counterparty is a:
 - i. Primary government securities dealer who reports daily to the Federal Reserve Bank of New York, or
 - ii. A bank, savings and loan association, or diversified securities broker-dealer having at least \$5 billion in assets and \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency; and
 - F. The counterparty meets the following criteria:
 - i. A long-term credit rating of at least ‘AA’ or the equivalent from an NRSRO; and
 - ii. Has been in operation for at least 5 years.