

System-wide Policy: BT0024 - Statement of Treasury Policy	
Version: 3	Effective Date:10/23/2023

I. AUTHORITY

Pursuant to the University's Bylaws, as the official custodian of all funds coming into the University, the Treasurer is responsible for the proper handling of all funds in accordance with applicable state law and Board policies.

II. PURPOSE

This policy shall prescribe the roles and responsibilities of the President, Chief Financial Officer (CFO), and Treasurer as it relates to the administration of banking, depository, custody, and other financial accounts (Financial Institution Accounts). Additionally, this policy sets forth requirements for establishing and managing the University's Financial Institution Accounts.

III. DEPOSIT OF UNIVERSITY FUNDS

It shall be the duty of all University officials, including the Treasurer, who receive University funds of any description, to deposit them immediately to the account of the University in financial institutions meeting the eligibility requirements as set forth in this policy.

All deposits shall be evidenced by a deposit certification in accordance with procedures established by the Treasurer. Deposits of University funds that result from transfers of funds within the banking system utilizing electronic transfer of funds shall be evidenced by those documents and advices as are used within the banking system to execute such fund transfers.

IV. OPENING AND CLOSING OF FINANCIAL INSTITUTION ACCOUNTS

The Treasurer, with the approval of the Senior Vice President and Chief Financial Officer, is authorized to open and close Financial Institution Accounts as necessary for the prudent management of the University's operating funds. The number of Financial Institution Accounts will be kept to a minimum consistent with good business practice, convenience of the University and its constituent parts, and safekeeping considerations.

A. Designated Financial Institutions

The Treasurer may designate certain financial institutions meeting certain eligibility requirements as University depositories (each, a Designated Financial Institution or collectively, Designated Financial Institutions).

Eligible financial institutions include:

1. Any bank, or savings and loan association chartered by the State of Tennessee;

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2. Any national bank or federal savings institution that has its main office located in the State of Tennessee;
3. Any national or state bank, or any federal or state savings institution that has its main office located outside the State of Tennessee and that maintains one or more branches in the State of Tennessee which are authorized to accept federally insured deposits; or
4. Any financial institutions defined as “Qualified Public Depository” in *Tennessee Code Annotated* § 9-4-502, as may be amended from time to time.

B. Security For University Funds

The University may deposit University funds in Designated Financial Institutions without requiring security therefor to the extent that such deposits are insured under the provisions of an Act of the Congress of the United States or any amendment thereto.

When the amount of University funds in any Designated Financial Institution exceeds the amount of insurance provided, such institution shall be required to pledge securities as collateral for University deposits.

The face value of the collateral deposited shall be a sum of ten percent (10%) in excess of the deposit to be secured thereby, less so much of any such amount as is protected by insurance.

In lieu of pledging collateral securities as described herein, Designated Financial Institutions may secure University deposits through the State of Tennessee Collateral Pool for Public Deposits.

Collateral securities acceptable to secure University deposits shall be limited to the following:

1. Bonds of the United States or any of its agencies;
2. Obligations guaranteed by the United States or any of its agencies, the payment of which are insured by it and which are fully guaranteed both as to principal and interest by the United States;
3. Bonds of the State of Tennessee, including revenue bonds issued by any agency of the State of Tennessee;

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4. Obligations of The University of Tennessee;
5. Bonds issued in the name of the Tennessee State School Bond Authority;
6. Bonds of any county or municipal corporation of the State of Tennessee;
7. Loans to students guaranteed 100% by the Tennessee Student Assistance Corporation;
8. Any other collateral security which is acceptable to the Secretary of the Treasury to secure the United States for deposits of public money in tax and/or loan accounts; provided, that such collateral shall not include state or municipal bonds from other states or from municipalities in other states; or
9. Any other security instruments defined as "eligible collateral" in *Tennessee Code Annotated* § 9-4-103, as may be amended from time to time.

The Treasurer is authorized to establish escrow accounts at (i) the Federal Reserve Bank, (ii) Federal Home Loan Bank, or (iii) any commercial bank or an affiliate thereof for the deposit of collateral pledged to secure University deposits, which provides for the transfer of the collateral to the University in the event of failure or refusal of any Designated Financial Institution to return any deposit, plus earned interest, in accordance with the terms of the deposit contract.

The Treasurer shall periodically value securities pledged as collateral for University deposits to determine that the market value of such securities exceeds the amount of the deposits less so much of any such amount as is protected by deposit insurance.

C. Fees And Charges

The University shall compensate Designated Financial Institutions for the maintenance of accounts and other services by maintaining sufficient collected balances in depository accounts or by direct payment for services provided.

Whenever interest bearing accounts are established by the University, reasonable service charges may be deducted from interest income if approved by the Treasurer.

V. DISBURSEMENT OF UNIVERSITY FUNDS

University funds shall be disbursed by the CFO or Treasurer by check drawn on any of the Designated Financial Institutions, to be signed by any two of the following University Officers: the President, the CFO, or Treasurer. However, electronic transfer of funds, in lieu of a check,

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may be utilized when such use is deemed appropriate by the CFO or Treasurer. Transfer of funds between Designated Financial Institutions shall generally be made by an electronic transfer of funds.

In the Treasurer's sole discretion, a petty cash account may be permitted if determined to be necessary to meet the unique financial needs of a campus, institute, or other unit within the University, and said accounts so established shall be reimbursed only upon statements and bills audited by the Office of Accounts Payable. The Treasurer shall have the authority to close any petty cash account that fails to be managed in accordance with any applicable accounting procedures.

VI. INVESTMENT OF UNIVERSITY FUNDS

Except for University funds invested pursuant to the Board's Statement of Investment Policy (BT0025), all other University funds are invested in the University's Cash Management Investment Pool in order to optimize liquidity, investment earnings, and efficiencies as it relates to investment pricing, custody, and administration of investments.

The Treasurer is authorized to invest all University funds in excess of amounts required for immediate cash needs. The selection of investments and the maturities thereof shall be synchronized in such a manner that the needs of the University for liquidity will not be handicapped.

A. Investment Objectives

The investment objectives of the Cash Management Investment Pool in priority order are to: (i) preserve the principal of funds; (ii) maintain sufficient liquidity of funds to meet all disbursement needs; and (iii) produce a reasonable level of current income.

B. Permitted Investments

Investments of cash funds in the Cash Management Investment Pool shall be limited to the following permissible investments:

1. Certificates of deposit of banks and savings and loan associations located in the State of Tennessee, which shall be secured by deposit insurance, or pledged collateral in the same manner as depository accounts;
2. Bonds, notes, and treasury bills of the United States;
3. United States agency securities and United States instrumentality securities;

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4. Obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself;
5. Prime commercial paper which shall be rated in the highest category by at least two commercial paper rating services;
6. Prime bankers acceptances that are eligible for purchase by the Federal Reserve System; or
7. Any other security instruments deemed appropriate as authorized under *Tennessee Code Annotated* § 9-4-602, as may be amended from time to time.

C. Other Investment Requirements

Investment obligations, when so purchased, shall be turned over to the Treasurer, who shall be responsible for the safekeeping thereof. In lieu of actual physical delivery of such obligations so purchased, the Treasurer may accept trust receipts.

The Treasurer is specifically authorized to purchase investments by (i) a check signed by any two of the following University Officers: the President, the CFO, or Treasurer, or (ii) electronic transfer of funds.

Revenues resulting from interest earned on the Cash Management Investment Pool will be credited to the general revenues of the University.

VII. OTHER FUNDS

With the approval of the President and the CFO, the Treasurer is authorized to establish Financial Institution Accounts for deposit of funds received by the University or any of its related entities in the capacity of agent for said funds. Such accounts shall be subject to and managed in accordance with the provisions of this policy.

VIII. ADMINISTRATIVE PROCEDURES

The Treasurer, in consultation with the CFO, shall have the responsibility for establishing such administrative procedures and other guidance as may be necessary for implementing the provisions of this policy.

IX. DELEGATED SIGNATURE AUTHORITY

The Treasurer is authorized to execute or cause to be executed such certificates, advices, or

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other documents on behalf of the University consistent with the provisions of this Statement of Treasury Policy. The Treasurer may designate appropriate individuals with authority to act on his/her behalf as may be necessary, subject to the approval of the CFO.

RELATED POLICIES

Board Policy (BT0025) – Statement of Investment Policy

History:

Adopted	11/08/2019
Revised	10/22/2021
Amended and Restated	10/13/2023