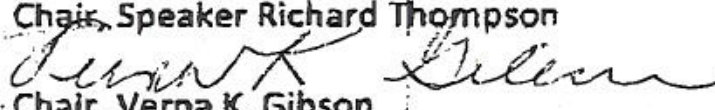


Senior Vice President for Finance & Administration

MEMORANDUM

Date: December 17, 2009

To: The Honorable Joe Manchin, III
The Joint Committee on Government and Finance,
Chair, President Earl Ray Tomblin
Chair, Speaker Richard Thompson

From: 
Chair, Verna K. Gibson
Marshall University Board of Governors

Cc: President Stephen J. Köpp, Ph.D.
Anita Lockridge

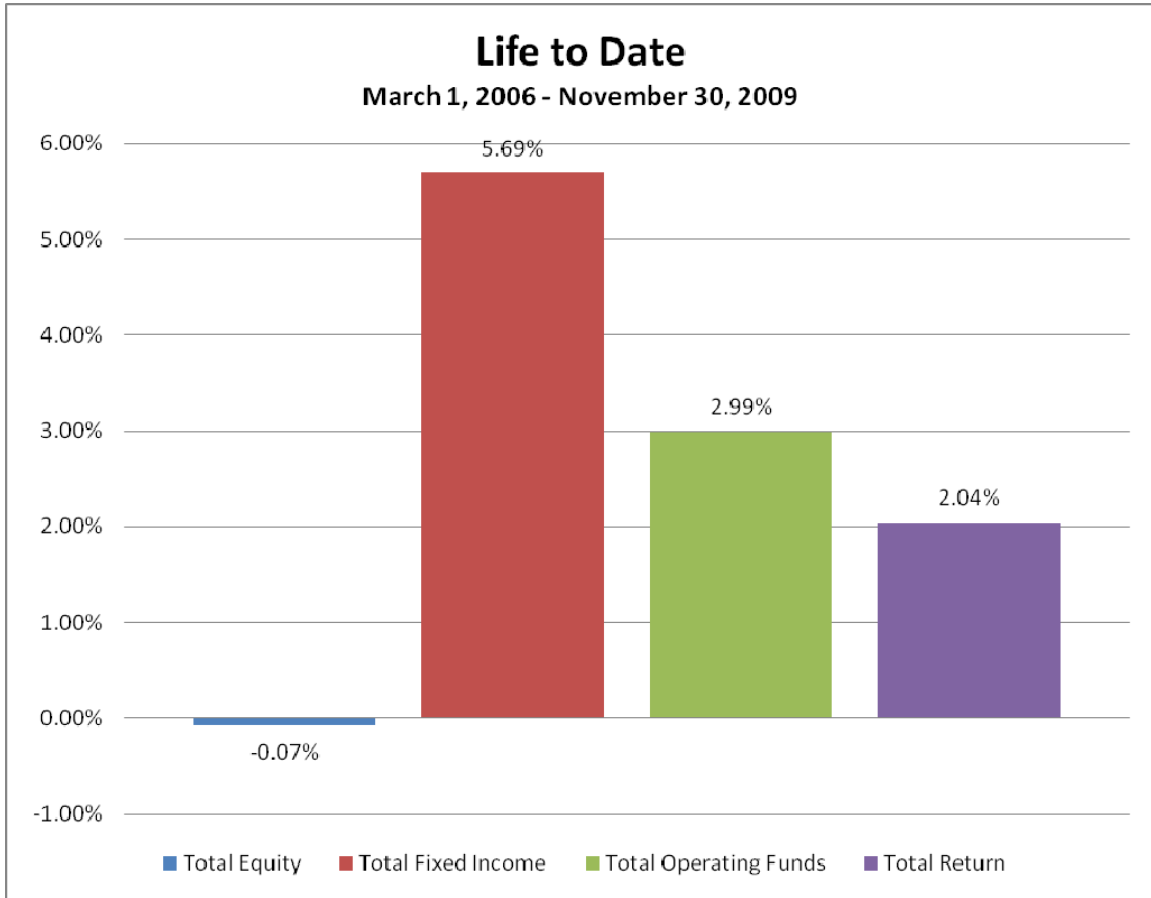
Re: Investment Update – Marshall University

In accordance with the provisions of §12-1-12d of the West Virginia Code (attached), enclosed you will find a report on the performance of investments managed by the Marshall University Foundation, Inc. As noted in the attachment, the University has received a 2.04% annualized yield with an ending market value of \$13,188,497 for the forty-five month period of March 1, 2006 through November 30, 2009.

Should there be questions regarding the report, please contact Ms. Anita Lockridge, Senior Vice President for Finance and Administration at (304) 696-2204 or lockridgea@marshall.edu.



Marshall University Investment Performance Report



§12-1-12d. Pilot program for investments by Marshall University and West Virginia University.

(a) Notwithstanding any provision of this article to the contrary, the governing boards of Marshall University and West Virginia University each may invest certain funds with its respective nonprofit foundation that has been established to receive contributions exclusively for that university and which exists on the first day of January, two thousand five. Any such investment is subject to the limitations of this section.

(b) A governing board, through its chief financial officer may enter into agreements, approved as to form by the State Treasurer, for the investment by its foundation of certain funds subject to their administration. Any interest or earnings on the moneys invested is retained by the investing university.

(c) Moneys of a university that may be invested with its foundation pursuant to this section are those subject to the administrative control of the university that are collected under an act of the Legislature for specific purposes and do not include any funds made available to the university from the state general revenue fund or the funds established in sections eighteen or eighteen-a, article twenty-two, chapter twenty-nine of this code. Moneys permitted to be invested under this section may be aggregated in an investment fund for investment purposes.

(d) Of the moneys authorized for investment by this section, Marshall University and West Virginia University each, respectively, may have invested with its foundation at any time not more than the greater of:

(1) Eighteen million dollars for Marshall University and twenty-five million dollars for West Virginia University; or

(2) Sixty-five percent of its unrestricted net assets as presented in the statement of net assets for the fiscal year end audited financial reports.

(e) Investments by foundations that are authorized under this section shall be made in accordance with and subject to the provisions of the Uniform Prudent Investor Act codified as article six-c, chapter forty-four of this code. As part of its fiduciary responsibilities, each governing board shall establish investment policies in accordance with the Uniform Prudent Investor Act for those moneys invested with its foundation. The governing board shall review, establish and modify, if necessary, the investment objectives as incorporated in its investment policies so as to provide for the financial security of the moneys invested with its foundation. The governing boards shall give consideration to the following:

- (1) Preservation of capital;
- (2) Diversification;
- (3) Risk tolerance;
- (4) Rate of return;
- (5) Stability;
- (6) Turnover;
- (7) Liquidity; and
- (8) Reasonable cost of fees.

(f) A **governing board** shall report annually by the **thirty-first day of December**, to the **Governor** and to the **Joint Committee on Government and Finance** on the performance of investments managed by its foundation pursuant to this section.

(g) The authority of a governing board to invest moneys with its foundation pursuant to this section expires on the first day of July, two thousand ten.