SAVANNAH STATE UNIVERSITY INVESTMENT POLICY

Savannah State University (University) is a member of the University System of Georgia and is governed by appropriate state laws and by the Board of Regents. This Investment Policy is issued in connection with the investment holdings (endowments and other) of the University. The University's investments are invested in an investment pool managed by the Board of Regents. As authorized in the Official Code of Georgia Annotated Section 50-17-53, the State Depository Board has adopted policies, which allow agencies of the State of Georgia (and thus Savannah State University), the option of exempting demand deposits from the collateral requirements.

I. Purpose, Objectives, and Philosophy
   a. Purpose of Policy. The purpose of this Investment Policy is to provide the University with specific guidelines so that the return on investments under its control may be maximized while risk to invested capital may be minimized.
   b. Investment Objectives. Investment of funds shall be governed by the following investment objectives.
      1. Investment Suitability – In recognition of the University's primary mission, its role as a custodian of the public trust, its unique budgetary and cash flow cycles and restrictions of state and federal laws.
      2. Preservation and Safety of Principal – to ensure that potential capital losses are avoided whether they arise from defaults or erosion of market value.
      3. Liquidity – by structuring maturities to enable the University to meet all cash requirements which might reasonably be anticipated.
      4. Marketability – to provide the University the ability to liquidate the investment prior to its maturity date.
      5. Portfolio Diversification – to avoid incurring unreasonable and unavoidable risks regarding specific types of securities or concentrations within individual financial institutions.
      6. Yield – to attain the best rate of return on investments, based on the existing depository contract and quotes received from primary government securities dealers, as defined by the Federal Reserve, for financial institutions doing business with the State of Georgia.
      7. Management - The University realizes that prudent investment management is a duty. In fulfillment of this duty, University investment officials are aware that long-term objectives are most important, but it is also necessary that shorter-term benchmarks be used to assess the periodic performance of the investment program.
c. **Investment Philosophy.** The University understands that it is its fiduciary duty not only to invest the institution's endowment holdings in formal compliance with the "Prudent Man Rule," but also to manage those funds in continued recognition of the basic long-term nature of The University. This is interpreted to mean that in addition to the specific guidelines and restrictions set forth in this document, that the assets of The University shall be actively managed - that is, investment decisions regarding the particular securities to be purchased or sold shall be the result of the conscious exercise of discretion. Further, it is recognized that, commensurate with its overall objective of maximizing long-range return while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held.

II. **Investment Personnel**
The Savannah State University President, by virtue of his office has the ultimate responsibility for the management of the University's investment holdings. The Chief Business Officer will act as the University's Investment Officer and as the President's principal investment adviser. Within this context of active management and the necessity for adherence to proper diversification, the University will rely on appropriate external professional advice.

III. **Assignment of Responsibilities**

**Investment Officer** – As the President's designee, the Vice President for Fiscal Affairs is responsible for directing and monitoring the investment management of invested assets. As such, he/she shall perform the following:

A. Conduct a search and assist in selecting an Investment Manager.

B. In collaboration with the Investment Manager, prepare a written quarterly report of investment transactions to include the following:
   1. A detail description of the investment position of the University on the date of the report.
   2. A summary statement stating the following:
      a. beginning market value for the reporting period;
      b. additions and changes to the market value during the period;
      c. and ending market value for the period.
   3. Details stating the book value and market value of each separately invested asset at the beginning and at the end of the reporting period by the type of asset.
   4. Details regarding the maturity date of each separately invested asset that has a maturity date.
   5. Details of the account for which each individual investment was acquired.

C. Include in the report a statement as to the compliance of the portfolio as it relates to the University's Investment Objectives and Philosophy and applicable state and federal laws and regulations.

**Investment Manager** – The Investment Manager will have full discretion to make all investment decisions for the assets placed under jurisdiction, while observing and operating within all policies, guidelines, constraints and philosophies as outlined in this policy. Specific responsibilities include:

A. Discretionary investment management decisions including decisions to buy, sell or hold individual securities and to alter asset allocation within the guidelines established in this policy.

B. Reporting, on a timely basis, quarterly investment performance results. The Investment Manager will make himself available for a face-to-face presentation to University officials at least once annually.

C. Communicating on a timely basis any major changes to economic
outlook, investment strategy or any other factors which affect implementation of
the investment process or progress toward the investment objectives of University
holdings.

D. Informing the University on a timely basis regarding any qualitative
change to the investment firm’s organization. Examples include changing in
portfolio management personnel, ownership structure and investment
philosophy.

IV. General Investment Guidelines
As a general policy, the University in keeping with its responsibility as and wherever consistent
with its fiduciary responsibility encourages the investment of the University’s endowment assets in
the securities of corporations, which provide a positive contribution to the economy of the State of
Georgia. However, where any security is not a prohibited investment under Georgia Code and
where a security is on the approved buy list, discretion will be granted to the selected investment
managers in the selection of such securities and timing of transactions consistent with the
following guidelines and restrictions:

A. The overall composition of the portfolio should be one of the above-average quality
securities possessing at most the degree of investment risk specified in this
document.

B. The investment objective shall be to seek a competitive rate of return through
capital appreciation, dividends and interest plus reinvestment.

C. The investment manager will give frequent and active attention to the fund and
develop and implement strategy.

D. The investment manager is authorized to make investment changes as deemed
necessary and in accordance with the objectives and guidelines set forth in this
document on a discretionary basis.

E. These investment objectives shall be reviewed on an annual basis to insure their
continued appropriateness. This review will include asset allocation and investment
performance.

F. The investment manager will rebalance the asset allocation each calendar quarter
or as appropriate to ensure compliance with investment policy.

V. Asset Allocation Guidelines
The University believes that it is prudent to diversify the investment so as to minimize the risks of
large losses and has established the following asset allocation ranges based upon the University’s
participation demographics, anticipated cash flow requirements and the expected returns of the
capital markets. The ranges found below are guidelines, which may be interpreted as a general
statement of the University’s position regarding investment risk.

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<th>Allowable Range</th>
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<td>A. Equity Investments</td>
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| Investment may be made in common stock, securities convertible into
common stock and in convertible preferred stock of publicly traded
corporations. |
| B. Fixed Income Investments, including cash | 30 ~ 50% |
| Investment may be made in the various classes of fixed income
instruments as follows:
1. Corporate bonds - Publicly traded bonds are to be selected and
managed so as to assure an appropriate balance in quality and
maturities consistent with current market and economic
conditions. Although active bond management is encouraged,
excessive emphasis on short-term trading is not considered appropriate. Nonconvertible bonds may be selected from among those rated within the top three categories of the recognized rating services. Private or direct placement bonds may be purchased only upon specific approval of each issue by the University President.

2. Government and Agency Bonds - Investment may be made in any U.S. Government issued debt instrument with an initial maturity of over one year and in any debt instruments issued by agencies of the U.S. Government with an initial maturity of over one year and which are guaranteed by the U.S. Government.

3. Cash Equivalent Securities - Selection of particular short-term instruments, whether viewed as liquidity reserves or as alternative investment vehicles, should be determined primarily by the safety and liquidity of the investment and only secondarily by the available yield. The following short-term investment vehicles, with the exception of commercial paper, which requires specific purchase approval by the University President, are considered acceptable.
   a. Repurchase Agreements - Repurchase Agreements which are collateralized by United States Government issues.
   c. Certificates of Deposit - Banks domiciled in the State of Georgia. If the dollar amount of certificates of deposit and/or cash equivalent securities exceeds the FDIC insurance limit, the bank must pledge securities in an amount equal to that amount not covered by FDIC insurance.

VI. Spending Policy
Annual contributions from the investment holdings to assist with financing University scholarship operations shall be 5% of the total return of the portfolio value.

Spending ~ Moving Average Determination – The University will use the moving average method of determining year to year spending in order to smooth distribution from the aggregate portfolio. The “portfolio value” will be determined based on a 5% spending rate applied to a 3-year average of portfolio market value, with a budgeted lead of one year, i.e., the moving average will be determined one year before the fiscal year in which the funds are to be spent. This policy serves two purposes. First, it provides for more consistent and predictable spending for the programs supported by University investment holdings. Second, it allows the University to design an investment strategy, which is more aggressive with a higher investment performance. With the annual determination method, there is a tendency to pay out the “excess” earnings during periods of underperformance. Over the long-term, this may result in an erosion of real principal. Therefore, by smoothing the spending, the investment holdings reduce the likelihood of real principal erosion due to portfolio volatility.

The 5% spending rate is appropriate for endowments that have a 40-60% allocation to equities and a 30-50% allocation to fixed income. Historically, this combination of asset allocation and spending rate has enabled endowments to maintain their real value against inflation. A higher spending rate will begin to erode the real value over time. A lower spending rate will enable the real value of the endowment funds to grow over time. A higher allocation to equities enables the University to have a slightly higher spending rate while retaining their real value, but provides more fluctuation in market values. A lower allocation to equities will require the University to avoid eroding the real value of the endowment.

VII. Standards of Measurement

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The following represent the standards of measurement to be used as guidelines for the various classes of investments of the University’s endowment holdings. They are to be computed and expressed quarterly on a time-weighted total return basis.

A. Equity Investments - Exceed the return on the Standard and Poor’s 500 Composite Index.
B. Fixed Income Investments - Exceed the return on the Lehman Brothers Kuhn Loeb Government Corporate Bond Index.
C. Cash Equivalents - Exceed the rate on 90-day treasury bills.

IX. Unauthorized Investments and Transactions
Unauthorized investments include, but are not limited to the following:
A. Commodities and Futures Contracts
B. Options
C. Real Estate Investment Trusts (REITs) and Interest-only (IO), Principal-only (PO) Tranche Collateralized Mortgage Obligations (CMO).

Unauthorized transactions include, but are not limited to the following:
A. Short selling
B. Margin transactions

X. Selection of the Investment Manager
The Vice President for Fiscal Affairs is responsible for developing an investment manager search and screening process. The Vice President for Fiscal Affairs will develop a Request for Proposal (RFP), scoring of the submissions and subsequently recommend an Investment Manager to the President. A qualifying investment manager must be a registered investment adviser under the Investors Advisors Act of 1940, or a bank or insurance company.

XI. Investment Manager Performance Review and Evaluation
The Investment Manager shall compile, at least quarterly, performance reports for review by the University. The investment performance of the total portfolio, as well as asset class components, will be measured against the commonly accepted performance benchmarks set out in (VII.) above. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines found in this policy. The University will evaluate the portfolio over at least a three-year period but reserves the right to terminate an investment manager for any reason including the following:
A. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification or poor results.
B. Failure to adhere to any aspect of this policy, including communication and reporting.
C. Significant qualitative changes to the investment management organization.
The Investment Manager will be reviewed regularly regarding performance, personnel, strategy, research capabilities, organization and business matters, and other qualitative factors that may impact his ability to achieve the desired investment results.

XII. Investment Policy Review
To assure continued relevance of the guidelines, objectives, financial statutes and capital markets expectations as established in this investment policy, the University plans to review its investment policy at least annually.

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July 25, 2008