MEMORANDUM OF UNDERSTANDING
THE CSU, CHICO RESEARCH FOUNDATION and THE UNIVERSITY FOUNDATION
Current Funds Investment Management Services

I. Purpose

The purpose of this Memorandum of Understanding (MOU) between two CSU Chico auxiliaries, the CSU, Chico Research Foundation (RF) and the University Foundation, CSU, Chico (UF) is to allow for the Current funds of the RF, as defined by the RF Investment Policy, to be invested with the Current funds of the UF, as defined by the UF Investment Policy.

II. Background

The foundations have managed and invested their respective funds in accordance with investment policies specific to each auxiliary.

The UF's primary purposes include fundraising and prudent investment of donor funds. The Finance and Investment Committee (FIC) of the UF maintains oversight of the university's endowment and UF Current funds. The RF's primary purpose is to support research and scholarly activity and other campus programs of CSU, Chico. The RF also manages Current funds.

Current funds are common to both auxiliaries: funds that consist of cash temporarily not needed by various units of the foundation and cash that may be held for future expenditures for a specific purpose or project.

III. Responsibilities

a. The UF will establish, under its Current funds account called "Strategic Reserves," a sub-account for the RF, and will add the management of RF funds under its umbrella investment agreement with its financial advisor.
b. The RF sub-account will be invested and managed pari passu with the UF with an understanding that this is an agency relationship, where the sole ownership of those invested funds will remain with the RF. The UF will treat the invested funds as an obligation to the RF, and the RF will treat the invested funds as an asset of the RF held by the UF.
c. The UF accepts under its investment management the Current funds of the RF.
d. The RF defers entirely to the Investment Policy of the UF (as in effect from time to time), as it relates to investment strategies around (and investment of) Current funds.
e. The RF agrees to the management fees due to the financial advisor as negotiated from time to time by the UF, and will pay those fees directly from its Current funds sub-account.
f. In exchange for the investment advisory services provided by the UF, the UF shall retain 10% of investment earnings of the sub-account of the RF (the "Retained Earnings").
g. The UF shall not be responsible for investment related loss of the RF funds (and the UF waives any claims related thereto) so long as that loss is not due to negligence or malfeasance on the part of the UF, its financial advisor, or its agents and employees. It being understood that any losses resulting from following the UF Investment Policy shall

at no time be deemed to be due to negligence or malfeasance on the part of the UF, its financial advisor, or its agents and employees. The UF Investment Policy is available on the UF website or by direct request to CSU, Chico University Advancement.

IV. Reporting

The financial advisor for the Current funds investments shall add to its quarterly reporting to the UF for the Strategic Reserves Account quarterly reporting to the RF. At the RF Board's request, the financial advisor will present to the RF Board of Directors.

V. Term

The term of this MOU shall begin upon final execution of signatures and shall continue through June 30, 2021. Either party may have the option to terminate this MOU with 30 days' notice; provided that the UF shall remain entitled to any Retained Earnings generated prior to any such termination.

VI. Signatures

3/8/19

Debra Larson
President, The CSU, Chico Research Foundation
Provost and Vice President for Academic Affairs

Date

Ann M. Sherman

3/11/19

Ann Sherman
CFO, the University Foundation
Vice President for Business and Finance

Date

3/8/19

Ahmad Boura
CEO, The University Foundation
Vice President for University Advancement

Date

3/8/19

Jessica Bourne
Executive Director, The CSU, Chico Research Foundation

Date

Approved by the UF Board of Governors on 10/12/18