

Operating Cash Investment Policy

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Nebraska Wesleyan University

Operating Cash Investment Policy

1. OBJECTIVE

It is the policy of Nebraska Wesleyan University to invest excess cash in short-term investments earning a market rate of interest with minimum risk to principal. The objectives of such investments are to:

- 1) Preserve principal
- 2) Meet liquidity needs
- 3) Avoid inappropriate concentrations of investments
- 4) Provide fiduciary control of all investments and cash by Nebraska Wesleyan University's appointed custodians.
- 5) Deliver yield in relationship to these guidelines and market conditions

2. APPLICABILITY

This policy applies to all investment of operating cash.

3. GENERAL

3.1 Investment Responsibility

Short-term investments are the responsibility of the Controller, who shall conduct a short-term investment program, including opening accounts with brokers and establishing safekeeping accounts or other arrangements for the custody of securities, and executing such documents as may be necessary. The Vice President for Finance and Administration may act in the absence of the Controller and the President may act as a secondary party in the absence of the Controller or Vice President for Finance and Administration.

3.2 Reporting

The Controller shall be responsible for monthly and annual reporting of short-term investments to the President and Vice President for Finance and Administration.

3.3 Investment Guidelines

- A. The Controller shall manage short-term investments within the guidelines set out in this Policy.
- B. The Controller shall be responsible for reviewing investment guidelines, and recommending modifications to them as conditions warrant. The President and Vice President for Finance and Administration shall review all modifications to the guidelines and forward them to the Finance Committee for approval.

4. INVESTMENT GUIDELINES

The short-term investment portfolio shall be subject to the following objectives, guidelines and limitations.

- 4.1 The portfolio will be constructed with the objective that it can be converted into cash on the following time schedule without significantly reducing its principal:
 - A. Projected cash needs for one month of operations should be available in one week's notice or less and shall be invested in B, D, E, F and G of section 4.2.
 - B. Operating cash should be evaluated in relation to normal cash flow requirements and should be invested in time periods sufficient to meet those projected needs, but in no case longer than 360 days.
 - C. Any cash projected in excess of annual operating requirements may be invested in longer term securities as needed, but in no case to exceed two year maturity.
- 4.2 The portfolio will be limited to:
 - A. ***U.S. Government Obligations:*** The University may purchase securities issued or directly and fully guaranteed or insured by the United States of America or any Agency or instrumentally thereof.
 - B. ***Bank Obligations:*** The University may invest in time deposits **(including overnight deposits)** and certificates of deposit of any commercial bank organized in the United States having a minimum total capital ratio of 8% and rated excellent or better by IDC Financial Publishing, Inc. (IDC) , or if the deposit is backed by a pledge of U.S. Government Obligations.
 - C. ***Bankers Acceptances:*** The University may purchase bankers acceptances meeting the qualifications set forth in 4.2.B.
 - D. ***Repurchase Agreements:*** The University may agree to purchase securities from financial institutions meeting the qualifications set forth in 4.2.B and broker dealers of national reputation, subject to the seller's agreement to repurchase them at an agreed upon time and price. The underlying securities are of the types described in 4.2.A. (i.e. government obligations).
 - E. ***Money Market Funds:*** The University may invest in Money Market Funds substantially all of whose assets comprise securities of the types described in 4.2.A – D and G.

- F. ***Demand Deposits:*** The University may keep deposits available for withdrawal on demand with any commercial bank meeting the qualifications of 4.2.B. .
- G. ***Commercial Paper:*** The University may invest in investment grade commercial paper A rated or better.

Note: The above restrictions on banks do not apply if the investment is fully insured by FDIC.

4.3 Concentration Limits

Holdings are further subject to the following limitations:

- A. ***Government Obligations:*** no limits.
- B. ***Bank Obligations:*** not to exceed 50% of the portfolio. With any one issuer, not to exceed 25% of the portfolio; however, it should not exceed \$5,000,000.
- C. ***Bankers Acceptances:*** not to exceed 25% of the portfolio. With any one issuer, not to exceed 10% of the portfolio; however, it should not exceed \$5,000,000.
- D. ***Repurchase Obligations:*** not to exceed 25% of the portfolio. With any one issuer, not to exceed 10% of the portfolio, provided that the University may invest up to 50% of the portfolio in repurchase obligations for a period of up to three business days.
- E. ***Money Market Funds:*** not to exceed 50% of the portfolio. With any one issuer, not to exceed 25% of the portfolio, provided that the University may invest up to 50% of the portfolio with any one fund family for a period of up to three business days.
- F. ***Demand Deposits:*** balances in these accounts should be kept at a minimum level which will cover the analysis fees and working capital needs.
- G. ***Commercial Paper:*** not to exceed 25% of the portfolio

4.4 Securities Brokers and Dealers

- A. The University may open and maintain a securities settlement account with any nationally recognized member of the National Association of Securities Dealers for the purpose of purchasing permitted investment

herein.

- B. The University shall obtain resumes of personnel working with the University and annual financial statements of each broker/dealer.
- C. Purchase of securities from brokers or dealers shall be settled by delivery of the securities (including via book entry) to its safekeeping agents against the related payment.

4.5 Safekeeping Accounts

- A. Whenever possible, securities purchased by the University shall be delivered against payment (including via book entry) and held in a custodian or safekeeping account by one of the University's principal banks (or broker-dealers) in order to protect against delivery failures and to concentrate the securities in one place.
- B. An exception to this policy shall be repurchase agreements made with certain banks and dealers, who may hold collateral subject to repurchase for a maximum term of 30 days. For repurchase agreements maturing in more than 30 days, collateral must be delivered against payment.

4.6 Review and Exceptions

- A. The Finance and Audit Committee of the Board of Governors shall annually review and approve this policy.
- B. Any exceptions to this policy must be approved by the President and reported to the Finance and Audit Committee at the next Finance and Audit Committee meeting.

Approved by Finance and Audit Committee:

Date:
