



OBJECTIVE

The recommendations presented here are designed to support the following objectives:

- Preservation of principal and purchasing power, including meeting or exceeding state requirements.
- Maximize return of a valuable asset without jeopardizing safety of public funds.
- Alignment with university academic and financial goals.

POLICY

Applies to: All university personnel responsible the management of the Operating Fund.
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- I. Short -Term Pool – the Short-Term Pool should be invested primarily in lower risk, more liquid instruments such as government securities and maintain a balance equivalent to at least 60 days operating cash. Once this threshold is reached, the senior vice president for business and finance will have the authority to approve investment of up to 60% of the operating funds, net of construction bond funds, in the Long-Term Investment Pool.
- II. Long -Term Pool – once the amount of the Short-Term Pool is determined, excess operating funds may be transferred to the Long-Term Investment Pool, where they will be invested along with gifted endowment funds. In no case may the Long-Term Pool exceed 60% of the total operating funds, net of construction bond funds.
- III. Interest Stabilization Fund – in order to protect operating cash invested by the university for individual units, a reserve of 5% of the operating funds invested in the Long-Term Pool shall be maintained in the Short-Term Pool. This will assure the short term interest rate can be paid out even when returns in the Long-Term Pool fluctuate because of market conditions.
- IV. President's Strategic Investment Fund II – over time, the Long-Term Pool should be expected to earn returns 3-4% above the Short-Term Pool, although this will fluctuate from year to year. The spread in yield between the Short-Term and Long-Term Pool should be transferred annually to the President's Strategic Investment Fund II after the reserve requirement is met. If the Long-Term Investment Pool has a negative spread, monies may be transferred from the President's Strategic Investment Fund II to replenish the reserve and if necessary make the Long-Term Pool whole. This fund may be used by the President at his/her discretion, but no more than 25% of the value of the fund can be dispersed in any one year. Seventy-



five percent (75%) of the fund should be invested in the Long-Term Pool and 25% in the Short-Term Pool. Funding decisions should generally be made as part of the annual budget process, but there may be exceptions.

- V. Reporting – the status of short and long term operating cash should be reported quarterly to the Integrated Financial Planning Group and the Development and Investment Committee. Allocations to and from the President's Strategic Investment Fund II be made annually after the end of the fiscal year as part of the annual current funds budget process, although mid-year adjustments could be made if warranted.

RESOURCES

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Note: Policy approved by the Board of Trustees on June 6, 2008 Resolution #2008-120