

Doane University Cash Investment Policy

I. **Policy**

This policy sets forth the guidelines for investing the daily operating cash assets of the University.

II. **Purpose**

The purpose of this policy is to ensure that cash held by the University will be invested to preserve asset values by controlling the downside risk of the portfolio while providing above average returns. To that end, investments will be made in order of importance to:

- Preserve the principal value of the cash
- Provide adequate liquidity so the University is able to pay its financial obligations in a timely manner
- Minimize the risk of the cash investments
- Maximize investment return consistent with the above objectives.

III. **Scope**

This policy applies to all cash held by the University to meet the daily working capital needs of its operations.

IV. **Investment Segments**

- a. **Operating Pool** – Objective is to maintain stability of principal and adequate liquidity to meet daily working capital needs of the University.
- b. **Strategic Pool** – Objective is to generate positive return on cash balances not expected to be needed for working capital during the next twelve months by accepting a modest amount of principal risk.

V. **Administration and Control**

The Vice President of Finance & Administration or his or her designee will establish reasonable controls and procedures to carry out this investment policy. The University may utilize the services of an institutional cash investment advisor to select appropriate investments which meet the purpose of this policy.

VI. **Portfolio Characteristics**

Operating Pool

Assets Types:

- Government Obligation Money Funds
- Commercial Paper
- U.S. Treasuries & Agencies
- Insured Cash Sweep
- CD's through the CDARS program, individual bank CD's

Strategic Pool:

Asset Types:

- Corporate Debt with Minimum Average Portfolio Credit Ratings
- Asset-Backed with AAA support
- Short term mutual funds

Portfolio Constraints:

- Maximum Single Issuer Exposures
- Investment Grade Rating Exposure
- Maximum Average Duration not to exceed 2 years

Currency Risk – All securities must be denominated in U.S. dollars.

Liquidity Risk – The Operating Pool should have sufficient liquid assets to meet the anticipated short-term spending needs of the general operating budget.

Implemented July 2016