CASH INVESTMENT POLICY

I. PURPOSE

A. The purpose of this policy is to establish guidelines for investing short to intermediate term cash balances. Cash proceeds from bond issues are governed by the parameters of the bond documents.

B. The goals of this investment policy, in order of priority, are as follows:

1. Preservation of principal

2. Maintain a high degree of liquidity

3. Deliver competitive returns subject to prevailing market conditions

II. INVESTMENT GUIDELINES

A. TWO CASH CATEGORIES

The University of La Verne will designate two categories of cash: Operating (short-term funds) and Core (intermediate-term funds). The University of La Verne will provide cash flow projections to Investment Managers and establish the desired mix of Operating and Core cash.

B. OBJECTIVES AND MATURITY

1. Operating Cash Investments. The short-term funds shall be funded in an amount sufficient to meet the expected daily cash requirements of the University. The short-term fund will be invested in instruments that have staggered maturity dates ranging from daily to 90-day maturities.

2. Core Cash Investments. As the short-term funds should be sufficient to meet expected daily cash requirements, the intermediate-term funds are intended to provide a liquid source of funds in the unlikely event that the short-term funds are insufficient. The intermediate-term funds will be invested in a portfolio consisting of fixed income securities generally having an average maturity of three years or less to take advantage of the higher yields typically paid for longer maturities while still maintaining a low risk of loss.
C. **ELIGIBLE INVESTMENTS.** The following specific instruments and issuers are approved for inclusion in the portfolios: All investments will be in U.S. dollar denominated securities (see section E for credit quality requirements).

1. Obligations of the U.S. Treasury

2. Obligations guaranteed by the U.S. Government other than U.S. Treasuries

3. Obligations of U.S. Federal Agencies and Government Sponsored Enterprises


5. Repurchase agreements with A and above rated major banks and authorized dealers based on ratings from at least one NRSRO.

6. Bank obligations including: Certificates of Deposit (up to FDIC limits) (or A and above rated bank if to exceed FDIC limits based on ratings from at least one NRSRO), Deposit Notes, Bankers Acceptances and Time Deposits.

7. Corporate bonds, notes and floating rate notes

8. Money Market Funds

9. Municipal bonds and notes

10. Asset backed Securities

D. **SPECIFIC EXCLUSIONS**

1. Investments in the following are specifically excluded:

   a. All mortgage-backed securities

   b. Private placements, other than master notes and commercial paper

   c. All complex derivative securities including: inverse floaters, range notes, swaps, options and structured notes with embedded swaps or options
E. CREDIT QUALITY

1. Emphasis will be placed on securities of A and above credit quality.

2. Short-term instruments (maturity of less than 90 days) consisting of corporate or municipal obligations must be rated at minimum A1/P1 or the respective equivalent depending on the instrument.

3. Intermediate-term instruments (maturities of greater than 90 days) consisting of corporate or municipal obligations must be rated at minimum A-/A3 or the respective equivalent depending on the instrument by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

4. Asset Backed Securities must have a credit quality rating of AAA.

F. DIVERSIFICATION PARAMETERS The University of La Verne will employ a diversification strategy that is consistent with the goals of this policy by providing for risk reduction, liquidity, and competitive returns.

1. No more than 20% of the portfolio is to be invested in any one issuer with the exception of U.S. government and agency securities.

2. A maximum of 20% of the portfolio can be invested in Non-U.S. issuers with no more than 10% in entities or issuers in any one country besides the United States.

III. GOVERNANCE

A. Exceptions to any of the above require the approval of the Investment Committee of the University’s Board of Trustees.

B. The chair of the investment committee is authorized to provide clarification on issues in this policy which are either ambiguous or subject to interpretation.

C. All investment parameters, such as credit quality and diversification constraints, are applicable at the time of purchase.