

St. Norbert College  
Short-Term Cash Investment Policy  
Updated May 2009

Definition:

Short-term cash funds available for investment are defined as cash operating funds arising from normal College operations and funds for capital purchases and debt service that are not needed to cover expenditures immediately, but are expected to be needed within one year, including an emergency cash reserve.

Purpose of Short-Term Cash Funds:

- To provide liquidity to meet anticipated cash flows
- To maintain an emergency reserve to meet unanticipated cash flow deficiencies

Processes and Responsibilities:

*The Finance Committee is responsible for:*

- Identifying purposes of investments and establishing investment objectives
- Providing broad guidelines for composition of the investment portfolio
- Specifying limitations on investments

In all events, investment decisions shall always reflect the Finance Committee's fiduciary responsibility to the institution.

*The Administration is responsible for:*

- Selecting investment vehicles in compliance with the established policy
- Monitoring investment performance
- Reporting performance and significant asset allocation changes to the Finance Committee
- Determining cash flow needs and investment time horizons

Investment Objectives:

Principle investment objectives for short-term cash are:

- Preservation of capital and protection of investment principal
- Diversification to avoid incurring unreasonable risks
- Liquidity
- Attainment of a rate of return that equals or exceeds the Citigroup 1-Year Treasury Index or other comparable index

### Investment Guidelines and Procedures:

1. To mitigate risk, short-term cash shall not be invested in a single pool of assets or a single institution.
2. In order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 5% of the total fund.
3. The College's short-term cash funds shall be invested 100% in cash and equivalents. The following types of investments will qualify as eligible cash equivalents:
  - a. Treasury Bills
  - b. Money Market Funds – no-load, 2a7 eligible money funds with at least \$5 billion in assets under management, AAA-rated by at least one of the nationally recognized rating agencies
  - c. Short-Term Investment Funds (STIF) – no-load funds with at least \$5 billion in assets under management and an average credit quality rating of AAA based on underlying securities
  - d. Commercial Paper – rated A1 (Standard and Poor's), P1 (Moody's) or F1 (Fitch)
  - e. Banker's Acceptances – with a minimum senior long-term debt rating of AAA by at least one of the nationally recognized rating agencies
  - f. Certificates of Deposit – insured by the Federal Deposit Insurance Corporation (FDIC) in local, state or national banks with a maturity of 1 ½ years or less
  - g. Federal Agency Discount Notes or Term Bonds with a maturity of 1 ½ years or less.

Any exceptions to this policy require approval by the Finance Committee.

Approved by the Board of Trustees on May 18, 2009