University Investments

University Operations – Financial Management

CWU Policy 202-02

Effective: May 29, 2024

Policy Review Date: YEAR

Policy Executive: Senior Vice President – Finance and Administration

Responsible Office/Unit: Finance and Business Auxiliaries

Policy Statement:

Applicability:

Content:

Policy

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(1) Investment Guidelines and Objectives

A. Central Washington University will invest all available excess funds not currently required to meet the current operations of the university. Investments will comply with all applicable state laws and regulations, specifically RCW 39.58, RCW 39.59, RCW 43.84.080 and RCW 43.250. Allowable investments are limited to the following:

1. Obligations of the U.S. government.

2. Obligations of U.S. government agencies, or of corporations wholly owned by the U.S. government.

3. Bonds of the state of Washington and any local government in the state of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.

4. General obligation bonds of a state other than the state of Washington and general obligation bonds of a local government of a state other than the state of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.

5. Corporate paper and notes purchased in the secondary market that meet the investment policies and procedures adopted by the state investment board.

6. Any investments authorized by law for the treasurer of the state of Washington or any local government of the state of Washington other than a metropolitan municipal corporation but, except as provided in chapter 39.58 RCW, such investments shall not include certificates of deposit of banks or bank branches not located in the state of Washington.

B. In all instances, prudent judgment, as defined by RCW 43.250.040, will be exercised in investing the funds of the university and will seek to preserve real purchasing power of the principal, and to provide a predictable dependent source of investment income. The investment portfolio priorities are: safety, liquidity and yield.

C. In order to increase earnings potential and to expedite investment transactions, monies in the various funds and accounts will be pooled for operational and investment purposes. Cash needed for daily operations will be maintained in an interest-bearing checking account.

(2) Roles and Responsibilities

A. The President delegates authority to the CFO/Vice President for Business and Financial Affairs to establish an investment policy, investing of university funds and to establish an investment committee. The investment committee (Council on Investor Responsibility) will:

1. Review policy to define investment objectives, allowable investments and asset allocation and recommend any modifications.

2. Monitor investment performance.

3. Review the portfolio performance quarterly and overall adherence to the investment policy.

4. Have authorization to use the services of an external professional investment manager or investment consultant.

5. Review retirement plan documents and amendments presented for compliance with applicable laws and regulations and, upon approval, recommend for signature by the CWU Benefits Director.

(3) Investment Philosophy

A. Manage investment risks through: 1) Diversification 2) Continuous monitoring of credit- rating 3) Maintain appropriate maturity and target allocation levels. Excessive active trading is to be avoided unless warranted by credit rating events or changing cash flow needs.

(4) Investment Portfolio Characteristics

A. No securities purchased with maturities greater than 10 years.

B. No more than 10% of the total portfolio market value may be invested in any single issue.

C. The total bonds of any single state shall not exceed 10% of the total portfolio market value.

D. The bonds of the portfolio shall be geographically diverse.

E. The portfolio will average about 60% US Government / Municipal bonds and 40% corporate bonds over a 5 year time horizon.

F. All economic sectors of corporate bonds shall be represented including consumer, energy, financial, health care, industrial, technology, utilities, etc.

(5) Maturity Schedule

A. Effective maturity of the portfolio (by market value) shall not exceed:

	Minimum	Maximum
0 – 1 year	1%	20%
1 - 3.9 years	10%	30%
4 - 6.9 years	20%	70%
7 - 10 years	0%	30%

Asset Allocation Target

	Minimum	Target	Maximum
Money Market	0%	--	2%
US Government	15%	30%	50%
US Treasury	5%	10%	15%
US TIPS	5%	10%	15%
Federal Agencies	5%	10%	15%
WA Bank CDs	0%	-%	5%
State/Local GO Bonds	15%	30%	55%
WA & WA local	5%	10%	15%
Other state GO bonds	15%	20%	35%
Corporate Bonds	15%	40%	70%

History:

10/01/08, 01/02/13, 06/03/15: Responsibility: Business and Financial Affairs; Authority: Cabinet/UPAC; Reviewed/Endorsed by: Cabinet/UPAC;
Review/Effective Date: 06/01/2016; 05/29/2024; Approved by: A. James Wohlpart, President
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