

Policy 3033 (S) Short Term Investments is a Community Solution Education System administrative policy that University of Western States has adopted.

UWS is a member of The Community Solution Education System (The System), an integrated nonprofit system of six colleges and universities working together to advance student success and community impact. Through a centralized infrastructure and distinct model of governance, universities within The System work together to achieve success in an ever-changing higher education landscape.

The System administrative policies, denoted with an (S) after the UWS policy number, are governing principles that serve to mandate or constrain action System-wide, and many apply to every affiliate. These policies help employees ensure compliance with applicable laws and regulations, enhance the System's mission, promote operational efficiencies, and/or reduce institutional risk.

Administrative policies intended to apply System-wide must undergo each affiliate's individual approval process. Revision to existing or development of new administrative policies must follow the approval process outlined by the System.

To read the full policy scroll to page 2.

	Policy Title:	Short-Term Investments Policy					
	Policy Sponsor(s):	Chief Financial Officer			Page:	1 of 5	
	Approval Date:	4/29/2021	Effective Date:	4/29/2021	Revision Date:		

1. POLICY STATEMENT

Corporate cash of TCS Education System (“TCS”) will be overseen by the Finance, Investment, and Audit Committee of the TCS Education System Board of Trustees (“TCS FIAC”). The following investment policies and procedures are to be implemented consistent with the objective of carrying out TCS’s mission and in a prudent manner consistent with the fiduciary obligations of the parties.

2. PURPOSE

The purpose of this policy is to outline the authorization process and parameters to be followed in investing excess corporate cash of TCS.

3. APPLICABILITY

This policy applies to all short-term investment activities of TCS Education System.

4. DEFINITION

TCS corporate cash is defined as cash that is needed to meet medium-term growth and strategic needs of TCS. For the interest rate and maturity restrictions, see Section 5.3.

5. OBJECTIVES

The objectives of TCS corporate cash/short-term investments are (in order of importance):

- Safety and preservation of principal
- Liquidity to meet projected and unexpected cash needs
- Generate market returns consistent with the parameters outlined in this policy.

5.1. Permissible Investments

Permissible investments include fixed-income securities that are consistent with the objectives of preservation of principal and liquidity to meet TCS cash needs. These securities will be denominated in U.S. dollars unless expressly written by TCS. Permissible investments are limited to the securities listed in Attachment I. Additions to the permissible investment list require approval in writing by the Corporate Treasurer. The limitations on portfolio concentration are also listed in Attachment I.

5.2. Credit Quality Restrictions

Permissible securities must have at least two credit ratings from nationally recognized rating agencies (Moody’s, Standard & Poor’s, or Fitch) or be backed by institutions having such ratings. Refer to Attachment II.

	Policy Title:	Short-Term Investments Policy					
	Policy Sponsor(s):	Chief Financial Officer				Page:	2 of 5
	Approval Date:	4/29/2021	Effective Date:	4/29/2021	Revision Date:		

5.3. Interest Rate Sensitivity and Maturity Restrictions Guidelines

Interest rate sensitivity and maturity guidelines will primarily be addressed through regular communications between TCS Treasury personnel and applicable financial advisors.

The maximum maturity should be no longer than 3 years and the average maturity should be no longer than 18 months. For securities with a pre-refunding date or a mandatory put date, the pre-refunding date or mandatory put date will be used for maturity purposes.

Note: These guidelines may be modified in order to meet specific cash flow needs as a result of changing market conditions upon approval by the TCS FIAC.

6. ADMINISTRATION AND REPORTING

TCS FIAC has responsibility to approve policies regarding cash investment. The TCS FIAC can delegate responsibility to the Corporate Treasurer to implement and oversee the excess cash investment policies. The Corporate Treasurer can recommend amendments to these policies. The Corporate Treasurer may delegate investment authority to other qualified TCS personnel.

The Corporate Treasurer may employ the services of a Registered Investment Advisor or external Portfolio Manager to direct the investment activities of TCS, consistent with guidelines set forth in these policies.

7. FIDUCIARY DISCRETION AND REPORTING

The Senior Director of Risk & Treasury and Controller are responsible for securing and managing investments and cash for operations. These individuals have discretion to invest excess capital in strict adherence to these guidelines with the approval of the TCS FIAC. The Senior Director of Risk & Treasury will provide monthly and quarterly reports on the investments and net income generated from the investment of excess cash.

8. REQUIRED COMMUNICATIONS

The Portfolio Manager will promptly notify the Corporate Treasurer in the event of a security downgrade or negative credit watch.

9. CONTACTS

- Chief Financial Officer
- Senior Director of Risk and Treasury

	Policy Title:	Short-Term Investments Policy					
	Policy Sponsor(s):	Chief Financial Officer				Page:	3 of 5
	Approval Date:	4/29/2021	Effective Date:	4/29/2021	Revision Date:		

10. ATTACHMENTS

10.1. Attachment I: Permissible Investments and Concentration Limitations

All permissible investments are subject to the criteria in sections 1, 2, and 3 above.

Permissible investments include:

- Obligations of the U.S. Government, U.S. Government agencies and U.S. Government-sponsored entities, and entities that carry full faith and credit of the U.S. Government, including, but not limited to the following:
 - Treasury bills and notes
 - GNMA, FNMA, FHLMC, SLMA, Federal Farm Credit, etc. (only AAA-rated mortgage backed securities)
 - Obligations guaranteed by the U.S. Government or its agencies
 - Repurchase agreements (over-collateralized 102% by U. S Government securities as defined above)
- Obligations of banks, including, but not limited to the following:
 - Certificate of deposit
 - Banker's acceptance
 - Time deposits
- Corporate obligations, including, but not limited to the following:
 - Commercial paper that is direct issue, stand-alone, LOC-or liquidity-backed
 - Corporate notes/bonds
- Municipal securities (taxable and tax-exempt):
 - Securities issued by municipalities, including general obligation and pre-refunded bonds and notes
- Money market mutual funds
 - AAA-rated money market funds that meet the eligibility requirements of rule 2a-7 under the Investment Company Act of 1940; fund assets of at least \$5 billion

Note: Margin, leverage, futures, and options will be not be permitted.

Concentration Limitations

- No issuer may represent more than 10% of the overall portfolio.
- CDs may not represent more than 20% of the portfolio in the aggregate at the time of purchase.
- Commercial paper may not represent more than 75% of the portfolio in the aggregate at the time of purchase.
- Corporate notes may not represent more than 75% of the portfolio in the aggregate at the time of purchase.

	Policy Title:	Short-Term Investments Policy					
	Policy Sponsor(s):	Chief Financial Officer				Page:	4 of 5
	Approval Date:	4/29/2021	Effective Date:	4/29/2021	Revision Date:		

10.2. Attachment II: Credit Rating Restrictions

Credit Rating Agency	Minimum rating for short-term securities (<1 year)	Minimum rating for long-term securities (>1 year)
S&P Corporate	A1	A
S&P Municipal	SP-1/A-1	A
Moody's Corporate	P1	A2
Moody's Municipal	VMIG/MIG/P1	A2
Fitch	F1	A

Moody's and Standard & Poor's Rating Definitions

Moody's		Standards & Poor's	
<i>Short-Term Ratings</i>		<i>Short-Term Ratings</i>	
P-1	Superior	A-1+	Extremely Strong
P-2	Strong	A-1	Strong
P-3	Acceptable	A-2	Satisfactory
NP	Not Prime	A-3	Adequate but not susceptible to weakened capacity
<i>Long-Term Ratings (1)</i>		B	Significant Speculative Elements
Aaa	Best Quality	C	Vulnerable to Non-Payment
Aa	High Quality	D	Default
A	Upper Medium Grade	<i>Long-Term Ratings (2)</i>	
Baa	Medium Grade	AAA	Extremely Strong
Ba	Speculative Elements	AA	Very Strong
B	Speculative	A	Strong
Ca	Near or in Default	BBB	Adequate
C	Default	BB	Speculative
<i>Note Ratings (3)</i>		B	Low Vulnerability to Non-Payment
MIG1/VMIG1	Best Quality	CCC	Vulnerable to Non-Payment
MIG2/VMIG2	High Quality	CC	Highly Vulnerable to Non-Payment
MIG2/VMIG3	Favorable Quality	D	Default
MIG4/VMIG4	Adequate Quality	<i>Note Ratings</i>	
SG	Speculative	SP-1+	Very Strong
<i>Bond Fund Ratings</i>		SP-1	Strong
		SP-2	Satisfactory
		SP-3	Speculative
		<i>Mutual Bond Fund Ratings</i>	

	Policy Title:	Short-Term Investments Policy		
	Policy Sponsor(s):	Chief Financial Office	Page:	5 of 5
Education System	Approval Date:	4/29/2021	Effective Date:	4/29/2021
			Revision Date:	

Aaa	Best Quality	AAAf	Extremely Strong
Aa	High Quality	AAf	Very Strong
A	Upper Medium	Af	Strong
Baa	Medium Grade	BBBf	Adequate
Ba	Speculative Elements	BBf	Uncertain Protection
B	Lacks Quality for Investment	Bf	Vulnerable to Loss
		CCCf	Extremely Vulnerable
<i>Money Market Fund Ratings</i>			
		<i>Money Market Fund Ratings</i>	
Aaa	Best Quality		
Aa	High Quality	AAAm	Excellent
A	Upper Medium	AAm	Very Good
Baa	Medium Grade	Am	Good
Ba	Speculative Elements	BBBm	Fair
B	Lacks Quality for Investment	G	Consists of Primarily U.S. Government Securities

Footnotes:

- (1) Numerical modifiers of 1, 2, and 3 are applied to rating classifications from Aa to B, with 1 being the highest rating.
- (2) In order to show relative standing within the major ratings categories, the ratings from AA to CCC may be modified by adding a plus or minus sign.
- (3) Ratings for State and municipal short-term obligations are designated Moody's Investment Grade (MIG). Variable rate demand obligations are designated by Moody's Investment Grade (VMIG).