

**POOLED CASH INVESTMENT MANAGER ADDITION**

**A Recommendation**

1. **Division and Department:** Finance and Administration Division, Treasury Management Department.
  
2. **Introduction:** The Oakland University (University) Board of Trustees' (Board) Pooled Cash Investment Policy includes guidelines for three classes of investments: short term, intermediate fixed income, and equity. At its meeting on July 11, 2007 the Board authorized the Vice President for Finance and Administration to establish operating and investment accounts with LaSalle Bank N.A. (for short term), Commonfund (for intermediate fixed income), and JPMorgan Investment Advisors, Inc. (for equity). Accounts have been established with Commonfund and JPMorgan Investment Advisors, Inc. Both investment managers have presented reports to the Board's Finance, Audit and Investment Committee (FAIC) on a regular basis. LaSalle Bank N.A., the short term investment manager was not engaged because it became evident, through continuing due diligence, that the proposed short term strategy, "enhanced cash", was not expected to add value to the University's investment portfolio as market conditions changed in late 2007. Instead, short term pooled cash has remained in the University's existing sweep funds at Comerica Bank.  
  
With the intent of adding further value to the University's investment portfolio under current market conditions, an RFP was issued early this year to eleven potential short term investment managers. Seven proposals were received. The proposal from JPMorgan Chase was determined to be the best strategy based on their five year average returns net of fees, fee proposal, team of professionals, corporate strength, and reputation.
  
3. **Previous Board Action:** On June 9, 2000 the Board approved opening operating and investment accounts with Comerica Bank (sweep funds). On December 19, 2000 the Board approved the Pooled Cash Investment Policy. On July 11, 2007 three investment advisors were approved by the Board. At each FAIC meeting a Treasurer's Report is presented that details the University's cash and investment position.
  
4. **Budget Implications:** The addition of a short term investment manager is expected to increase returns above current short term returns, improving investment income.
  
5. **Educational Implications:** Investment income provides financial support for educational programs.
  
6. **Personnel Implications:** None.
  
7. **University Reviews/Approvals:** This recommendation has been prepared by the Treasury Management Department and reviewed by the Vice President for Finance and Administration and President.

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**8. Recommendation:**

WHEREAS, the Board of Trustees wishes to maximize the investment total return on its pooled cash; and

WHEREAS, the Board of Trustees expects to achieve its investment return goals with acceptable investment risk as described in its "Pooled Cash Investment Policy"; and

WHEREAS, the University has engaged in a competitive search and extensive review of potential short term investment managers; now, therefore, be it

RESOLVED, that the Vice President for Finance and Administration is authorized to execute any and all agreements and resolutions necessary to establish operating and investment accounts with JPMorgan Chase or any subsidiaries or related parties recommended by the investment managers required to implement investments through this firm for the purpose of establishing a short term investment portfolio; and, be it further

RESOLVED, that the instruments and documents to implement this resolution will be reviewed and approved by the Office of Legal Affairs prior to execution, and be in compliance with the law and University policies and regulations and will conform to the legal standards and policies of the Vice President for Legal Affairs and General Counsel.

**9. Attachments: None.**

Submitted to the President  
on 6/10, 2010 by

  
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John W. Beaghan  
Vice President for Finance and Administration  
and Treasurer to the Board of Trustees

Recommended on 6/10, 2010  
to the Board of Trustees for Approval

  
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Gary D. Russi  
President