

# BOARD OF REGENTS

## EASTERN MICHIGAN UNIVERSITY

SECTION: 1

DATE:

September 19, 2006

### RECOMMENDATION

#### REPORT: TREASURER'S

#### ACTION REQUESTED

It is recommended that the Treasurer's Report for the month of June 2006 be received and placed on file.

#### STAFF SUMMARY

As of June 30, 2006, Cash and Investments totaled \$92,642,249.04 and were invested to return a total annualized return of 4.5192%. Summarized below is Eastern's latest investment performance compared to the established benchmarks.

• 28 Day Auction Rate Notes (Putable)	5.17%
• Benchmark: Bloomberg Commercial Paper Index	5.17%
• Vanguard Short Term Investment Grade Fund	2.47%
• Benchmark: Lehman 1-5 Year Credit Index	2.14%
• Benchmark: Lipper Average 1-5 Year Investment Grade Fund	1.73%
• Intermediate Duration Government Agency Bonds	4.37%
• Benchmark: Five Year Treasury Note	5.09%

Specifics as to the quality, duration, and other related features of the University's investment portfolio are itemized on pages 1 and 2 of this report. In general:

- The portfolio has no investments in equities.
- The portfolio has no leveraged investments.
- The portfolio has no speculative derivatives.
- 100% of the portfolio is in fixed income obligations.
- 0% of the portfolio is in variable rate obligations.
- Average weighted credit quality of the portfolio is AA+.
- Average weighted maturity of the portfolio is approximately 0.37 years.

Cash and investments (excluding bond proceeds) as of June 30, 2006 increased by \$3.6 million compared to June 2005. The increase is primarily due to lower than planned expenditures related to the 4% tuition and fee increase to support major capital renovation projects.

#### FISCAL IMPLICATIONS

The investment income is expected to meet budget.

#### ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

2

Eastern Michigan University  
**CASH AND INVESTMENTS**  
June 30, 2006

	Date Settled	Mature/ Call Date	Account Balance		Annualized YTD Actual Total Return	Prior Month Annual YTD Total Return
			Dollars	Pct. Total		
<b>Cash</b>						
<b>EMU</b>						
Comerica Bank/U.S. Bank	n/a	n/a	\$7,440,150.59	8.03%	4.5500%	4.5500%
<b>Eagle Crest</b>						
Citizen's Bank	n/a	n/a	\$657,417.50	0.71%	0.0000%	0.0000%
Total Cash			<u>\$8,097,568.09</u>	<u>8.74%</u>		
<b>Investments</b>						
<b>Money Market Funds</b>						
Dreyfus Institutional Preferred	Daily	n/a	\$0.00	0.00%	4.2256%	4.1452%
Total Money Market Funds			\$0.00	0.00%	0.0000%	0.0000%
<b>28 Day Auction Rate Notes (Putable)</b>						
Access Group Loans (AAA)	6/15/06	7/13/06	\$3,000,000.00	3.24%	5.1690%	4.9800%
Illinois Student Loans (AAA)	6/15/06	7/13/06	\$2,000,000.00	2.16%	5.1990%	5.0490%
Nel-Net Taxable Student Loans (AAA)	6/15/06	7/13/06	\$11,000,000.00	11.87%	5.1700%	5.0500%
Education Funding South (Aaa)	6/14/06	7/12/06	\$3,300,000.00	3.56%	5.0950%	4.9800%
Nel-Net Taxable Student Loans (AAA)	6/14/06	7/12/06	\$3,300,000.00	3.56%	5.1390%	5.0500%
Nel-Net Taxable Student Loans (AAA)	5/11/06	6/8/06	\$5,000,000.00	5.40%	5.0990%	5.0200%
Education FDG of the South (AAA)	6/5/06	7/3/06	\$2,500,000.00	2.70%	4.9800%	4.9700%
SLMA (AAA)	6/9/06	7/7/06	\$2,500,000.00	2.70%	5.0350%	4.9600%
Hopkinsville Kentucky IDR (AA4)	6/29/06	weekly	\$260,000.00	0.28%	5.4000%	5.1000%
Union Financial Taxable Student Loans (AAA)	5/11/06	6/8/06	\$2,300,000.00	2.48%	5.0990%	5.0200%
Greenpoint Taxable (Aaa)	6/20/06	7/18/06	\$5,000,000.00	5.40%	5.2700%	5.0000%
Mississippi County Ark (A+1/A-1)	6/29/06	weekly	\$4,450,000.00	4.80%	5.4000%	5.2000%
MKO Properties (A-1/P-1)	6/29/06	weekly	\$2,500,000.00	2.70%	5.4000%	5.1000%
SLM Student Loans (AAA)	6/12/06	7/10/06	\$5,000,000.00	5.40%	5.0500%	4.9600%
Total Auction Rate Notes			<u>\$52,110,000.00</u>	<u>56.25%</u>	5.1687%	5.0311%
<b>Short-Term (0-5 Year) Bond Funds</b>						
One Group Ultra Short-Term Fund (Ultrashort)	Monthly	n/a	\$0.00	0.00%	0.5818%	0.6347%
Vanguard Short-Term Corporate	Monthly	n/a	8,118,963.10	8.76%	2.4704%	2.3853%
Total Short Term Funds			<u>\$8,118,963.10</u>	<u>8.76%</u>	2.4704%	2.3853%
<b>Student Center/McKenny Bond Proceeds</b>						
Commercial Paper And Agency Notes	See Attached Portfolio		\$6,315,717.85	6.82%	2.6524%	2.6418%
<b>Int. Term (5 Year) Agency Bonds</b>						
Fed. National Mortgage Assoc. (5/25/04 Call)	2/25/04	8/25/09	\$6,000,000.00	6.48%	4.4500%	4.4500%
Federal Home Loan Bank (3/17/05 Call)	12/17/04	12/17/09	6,000,000.00	6.48%	4.4500%	4.4500%
Federal Home Loan Bank (7/1/05 Call)	4/1/05	10/1/07	3,000,000.00	3.24%	4.1400%	4.1400%
Federal Home Loan Bank (4/18/06 One-time Call)	4/18/05	10/18/07	3,000,000.00	3.24%	4.2500%	4.2500%
Total Agency Bonds			<u>\$18,000,000.00</u>	<u>19.43%</u>	4.3700%	4.3700%
Total Non-Cash Investments			<u>\$84,544,680.95</u>	<u>91.26%</u>	4.5516%	4.4301%
Total Cash And Investments			\$92,642,249.04	100.00%	4.5192%	4.4168%

**Notes:**

The **Vanguard Short-Term Corporate Fund** invests in corporate bonds and U.S. Treasury and government-backed securities. 65% of assets are invested in high-quality instruments, 30% in medium-quality corporate bonds, and 5% in non-investment-grade bonds. The average maturity approximates 2.5 - 3 years. EMU has access to its funds on a daily basis.

The **Dreyfus Institutional Preferred Money Market Fund** invests in a diversified portfolio of high quality, short-term debt securities. The NAV is fixed at \$1.00/share and the average maturity of the fund approximates 50 days. EMU has access to its funds on a daily basis.

**KEY FUND DATA**

June 30, 2006

	Comerica Concentration Acct.	Auction Rate Notes	Student Center Bond Portfolio	Dreyfus Inst. Preferred	Vanguard S/T Corp.	Total Funds At Present Mix
<b>Fund Size/EMU Investment</b>						
Total Fund Net Assets	n/a	n/a	n/a	\$7,266,362,828	\$17,385,298,948	
<b>EMU's Investment</b>	<b>\$8,097,568.09</b>	<b>\$52,110,000.00</b>	<b>\$6,315,717.85</b>	<b>\$0.00</b>	<b>\$8,118,963.10</b>	<b>\$74,642,249.04</b>
EMU Percent Of Total Fund	n/a	n/a	n/a	0.00%	0.05%	
Memo:						
EMU Investment At 6/30/05	\$4,779,501.58	\$28,000,000.00	\$28,708,071.55	\$0.00	\$7,923,230.44	\$69,410,803.57
Present O/(U) 5/31/05 Investment	3,318,066.51	24,110,000.00	(22,392,353.70)	0.00	195,732.66	5,231,445.47
EMU Investment At 7/1/05	\$4,779,501.58	\$28,000,000.00	\$28,708,071.55	\$0.00	\$7,923,230.44	\$69,410,803.57
Present O/(U) 7/1/05 Investment	3,318,066.51	24,110,000.00	(22,392,353.70)	0.00	195,732.66	5,231,445.47
<b>Inception/Investment Dates</b>						
Fund Inception Date				6/11/97	1/6/00	
EMU Initial Investment Date				1/20/01	1/18/96	
<b>Ratings/Liquidity</b>						
Morningstar	n/a	n/a	n/a	n/a	n/a	
Credit Rating Of Holdings	n/a	AAA	AAA	AAA	Aa3	AA+
Liquidity Option	Same Day	Next Day	Next Day	Same Day	Next Day	
<b>Portfolio Mix/Maturity</b>						
Commercial Paper/Promissory Notes				30.78%	0.00%	
Time Deposits				48.75%	0.00%	
Bank CD's/Short Term Bank Notes				15.65%	0.00%	
Utilities				0.00%	3.90%	
U.S. Treasuries				0.00%	11.50%	
U.S. Government Mortgage-Backed				0.00%	5.20%	
Corporate Bonds				4.82%	61.30%	
Mortgage/Asset Backed Securities				0.00%	16.40%	
Short Term Reserves				0.00%	0.40%	
Foreign				0.00%	1.30%	
Taxable Municipals				0.00%	0.00%	
Cash/Other				0.00%	0.00%	
Total				100.00%	100.00%	
<b>Weighted Average Maturity</b>						
	Days	Days	Days	Days	Years	Years
	1	28	152.97	17	2.6	0.37