



ADDENDUM #1
RFP-2024/2025-01 Foundation
Investment Services November 8, 2024

Q1: What is the Master Investment Policy?
Please see document in attachment.

Shelly Vongchanta, Director of Purchasing and Auxiliary Services
St Johns River State College
386-312-4156



**ST. JOHNS
RIVER**
STATE COLLEGE

FOUNDATION

**St. Johns River State College Foundation
Master Investment Policy**

Master Investment Policy
St. Johns River State College Foundation, Inc.

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Revised 8/28/19

Master Investment Policy

I. Purpose of Policy

The purpose of this policy statement is to assist the St. Johns River State **College** Foundation's Board of Directors in effectively supervising and monitoring its investment activities and to provide guidance to investment managers employed to **manage** its assets on behalf of the Directors. This statement shall be reviewed every three years to ensure that it continues to reflect the appropriate expectations, goals, and objectives of the Foundation.

II. Context of Policy

In developing the Investment Policy Objectives and Constraints, the Board recognizes the following:

- Fluctuating rates of return are a characteristic of the investment markets and
- Capital market performance cannot be accurately predicted as to their beginning, end or magnitude.

As such, the asset allocation decisions set forth in this policy were based upon a careful examination of:

- 1) the unique considerations and requirements of SJR STATE
- 2) the historical returns provided by different asset categories over shorter and longer time frames
- 3) the relationship of asset classes to each other over time

III. Definitions

Expendable Restricted Funds represent resources available only for scholarships or other eligible student related purposes.

Nonexpendable Restricted Funds represent contributions received in which the principal amount is restricted in perpetuity by the donor with income available only for scholarships or other eligible student related purposes.

Unrestricted Funds represent resources available for operations without restriction.

Endowed Fund shall mean the St. Johns River State College Foundation's endowed financial assets consisting of nonexpendable restricted funds.

Non-Endowed Fund shall mean the St. Johns River State College Foundation's non-endowed financial assets consisting of expendable restricted and unrestricted funds. *Fund* shall mean and be applicable to both endowed and non-endowed assets.

Investment Committee shall refer to the governing board established to administer the Fund.

Investment Manager shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Fund assets.

IV. Delegation of Authority

The Investment Committee

The Investment Committee, under the direction of the Board of Directors of the St. Johns River State College Foundation, serves in an advisory capacity and is responsible for directing and monitoring the investment management of Fund assets. As such, the Vice President for Development and External Affairs is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

Investment Manager

The investment manager has the discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives. The investment managers shall agree to these objectives and policy as well as their respective manager specific guidelines understanding that they shall retain full discretion within these policy limits and within the requirement of applicable federal and state laws.

Custodian

The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased or sold, as well as movement of assets into and out of the Fund accounts. The Fund may also invest in commingled funds as deemed appropriate, which will not require a custody arrangement.

Additional specialists, such as attorneys, auditors, and others may be employed by the Investment Committee to assist in meeting its responsibilities and obligations to prudently administer Fund assets.

Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications that they deem appropriate.

V. Responsibility of Investment Committee

The Investment Committee is charged with the responsibility for the management of the assets of the Fund. The Investment Committee shall discharge its duties solely in the interests of the Fund according to the principles set forth in the Uniform Prudent Investors Act. The specific responsibilities of the Investment Committee relating to the investment management of Fund assets include:

- 1) Projecting the Fund's financial needs and communicating such needs to the Investment Managers on a timely basis.
- 2) Determining the Fund's risk tolerance, performance **guidelines, and** investment horizon and communicating these to the appropriate **parties.**
- 3) Establishing reasonable and consistent investment objectives, policies and guidelines, which will direct the investment of the Fund's assets.
- 4) Prudently and diligently selecting qualified investment professionals
- 5) Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitor investment objective progress.
- 6) Developing and enacting proper control procedures
- 7) Reporting quarterly to the Board of Directors on the investment performance and financial condition of the Fund

VI. Responsibility of the Investment Manager(s)

Each Investment Manager must acknowledge in writing its acceptance of responsibility. The Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction while observing and operating within all policies, guidelines, constraints and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

- 1) Discretionary investment management including decisions to buy, sell, or hold individual securities and to alter asset allocation within the manager's specific guidelines established in this statement.
- 2) Reporting, on a timely basis, quarterly investment performance results.
- 3) Communicating any major changes in economic outlook, investment strategy, or any other factors which affect implementation of investment

process or the investment objective process of the Fund's investment management.

- 4) Informing the Investment Committee regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
- 5) Voting proxies, if requested by the Investment Committee, on behalf of the Fund and communicating such voting records to the Investment Committee on a timely basis.

VII. Board's Tolerance for Volatility

The Board is willing to accept some market risk yet seeks to cushion losses in market declines by proper diversification. The Foundation does not believe it is in the best interest of donors to react to short-term market situations in a manner that contradicts the long-term investment horizon of the Foundation.

VIII. Operational Cash Investments

Cash may be retained in a Foundation checking account or other liquid asset management account to cover operational costs of the Foundation and the special funds that it oversees. Whenever possible, operational funds should be deposited in liquid income producing account(s). The College's Vice President of Development and External Affairs has the authority to transfer operational funds between accounts. All other funds should be placed in long-term investments.

Sufficient cash will be retained in a Foundation checking account or other liquid asset management account to support timely payment of all obligations.

Cash in excess of short-term requirements will be deposited in a liquid but income producing account(s).

Contributions to restricted funds, quasi-endowment funds, or endowment funds should be deposited in the appropriate intermediate or long-term account by the College's Vice President of Development and External Affairs. Matching funds, earned interest, or realized or unrealized gains should be credited to the appropriate accounts and deposited accordingly at least annually.

IX. Endowment Investments

The purpose of the Foundation is to support St. Johns River State College and its mission over the long term. All Foundation investments should comply with the

prudent expert rule. Accordingly, the primary investment objectives of the Foundation endowment investments are to:

1. Preserve the real purchasing power of the principal, and
2. Provide a stable source of perpetual financial support to the College in accordance with the Foundation's endowment spending policy.

Three types of funds are classified endowment funds for this Policy. "True Endowment" funds are funds received from a donor with the restriction that the principal is not expendable. "Term Endowment" funds are funds for which the donor stipulates that the principal may be expended after a stated period or upon the occurrence of a certain event. "Quasi-endowment" funds, or "funds functioning as endowment," are funds that are established by the Board to function like an endowment fund but may be expended at any time at the discretion of the Board.

In order to preserve the purchasing power of both principal and of withdrawals made available for spending, the long-term annualized total rate of return objective for the Foundation is inflation plus S percent. A minimum rate of return equal to the rate of inflation is required to preserve the real purchasing power of the Foundation, and the additional S percent is required to provide for spending.

To satisfy its long-term rate of return objective, the Foundation relies on a three-year rolling average in which investment returns are achieved through both capital appreciation (realized and unrealized) and from current yield (interest and dividends). Asset allocation guidelines and the investment manager structure should ensure adequate diversification to reduce the volatility of investment returns.

All endowment accounts are subject to an annual administration fee of 2.00 % of the market value of the endowed account. An assessment is calculated at the end of each quarter, based on the average of the ending account balances for the prior three months, and deposited in the General Fund of the College Foundation.

No endowment account will be assessed an annual administrative fee until such time there are sufficient earnings to pay the administrative fee and make a partial or full additional award distribution. Thereafter, the annual administrative fee will be assessed without accrual for prior years.

X. Endowment Spending Policy

It is the intention of this policy that spending from Endowment Funds as defined in the Investment Policy shall not degrade the value of the endowed corpus. Spending from unrestricted or un-endowed restricted funds may be executed without regard

to inflation protection of the corpus. Therefore, the general spending policy of this Foundation is to allocate to the support of budgeted programs a share of investment returns that will provide a full measure of current income consistent with the achievement of full long-term preservation of purchasing power of the endowment as a minimum goal. This policy is intended to benefit the current generation of students while promoting savings to benefit future generations.

The spending policy shall be expressed as a percentage of the prior year of assets in funds functioning as endowment. Unless otherwise approved by the Board of Directors, this percentage shall be 5 percent of prior year assets. The Investments Committee shall review an analysis of all endowment accounts at least every three years to ensure that the donor corpus values have not been significantly reduced either due to inflation or downturn in investment market performance. If this occurs, the Committee will recommend to the Board of Directors appropriate action to restore the corpus values. Earnings that exceed spending budgeted per this policy may be retained in the endowment corpus.

Since there may occasionally be situations requiring a lower percentage of spending from investable assets the Foundation Board may authorize a decrease to the spending rate, as necessary on a temporary basis. Such decrease should not be undertaken without clearly justifiable cause and, in no case, without full Board review and approval.

XI. Performance Objectives

The overall financial objective of the investment portfolio is to preserve and enhance the real purchasing power of the pooled investment fund while providing a relatively predictable, stable and constant stream of earnings. The Foundation's performance objective is to grow the market value of assets net of inflation, administrative and investment expenses over a full-market cycle without undue exposure to risk.

XII. Asset Allocation

To achieve its investment objectives, the Foundation's funds shall be allocated among a number of asset classes. These asset classes may include: cash and cash equivalents, domestic equity, domestic fixed income, international equity, and international fixed income.

For Unrestricted and Restricted funds, the target asset allocation will be dependent on the cash flow requirement of each type of funds as follows:

Cash Flow Requirement	Asset Class
1 year	Interest checking or money fund

1 to 5 years	Short term or intermediate term fixed income
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For endowments and quasi-endowment funds, the following Target Asset Mix table defines the Foundation's target asset allocation and the minimum and maximum allocation limits of each asset class:

Asset Class	Lower Limit	Target	Upper Limit
cash or Equivalents	2%	5%	10%
domestic Equity			
Large Cap	45%	50%	55%
Small Cap	5%	10%	15%
International Equity	10%	15%	20%
Fixed Income	10%	15%	20%
Real Estate	0%	5%	10%

XIII. Performance Measurement

The performance expectations of the Fund are hereby communicated to the investment manager(s) in their respective Manager Specific Guidelines." These will include comparison to benchmark returns and standard deviations as well as agreed-upon universe comparisons. Performance is expected to be evaluated quarterly to test progress towards attainment of longer-term goals. It is understood that there are likely to be short term periods during which performance deviates from market indices. During such times, greater emphasis may be placed on performance comparisons with manager(s) employing similar styles.

Equity Portfolios

Benchmark	70%	S&P 500
	15%	MSCI EAFE <i>Morgan Stanley Capital International Europe, Australasia and Far East Index</i>
	15%	Russell 2000 Index

1. Achieve a rate of return which exceeds the Manager(s)' respective index/benchmark by 100 basis points annually over rolling three-year periods on an after-fee basis.
2. Achieve a positive risk/reward trade-off when compared to the Manager(s)' respective index/benchmark over rolling three-year periods.

3. Achieve cumulative performance results that rank above the average of Equity Manager(s) with similar style characteristics over rolling three-year periods.

Fixed-Income Portfolios

Benchmark Barclays Capital U.S. Aggregate Bond

1. Earn an average annual return from income and capital appreciation which exceeds the Manager(s)' respective index/benchmark by 20 basis points annually over rolling three-year periods on an after-fee basis. Non-traditional fixed income manager(s) (if retained) will be given style specific goals and objectives.
2. Achieve a positive risk/reward trade-off when compared to the U.S. Bond market over rolling three-year periods.
3. Achieve cumulative performance results that rank above the average Fixed Income Manager with similar style characteristics.

XIV. Rebalancing Guidelines

It is the Investment Committee's responsibility to monitor the asset allocations. They will do so by giving specific instructions as to the range of allowable asset classifications to individual investment manager(s) and by monitoring the asset classifications actually held by manager(s). Because markets do not move in concert, actual allocations will deviate from the targets. The Fund may rebalance the portfolio when allocations are no longer within the prescribed limits or when they deem it to be otherwise appropriate. It is expected, that barring unforeseen circumstances, the overall asset allocation will fall within the stated ranges; however, should the asset allocation fall outside the stated range and the Fund deem adjustment necessary, such rebalancing will be accomplished within a period of 6 months.

XV. Standards for Managers

The following standards have been agreed upon to describe the Foundation's preferred investment style.

	<u>All Equities</u>	<u>All Fixed Income</u>
Standards:	<p>Equity investments shall be made with a view towards achieving a total rate of return (market appreciation plus dividend income). The holdings must represent companies meeting a minimum capitalization requirement of \$100 million with high market liquidity.</p> <p>All securities shall be of a class listed on a national securities exchange (NYSE, AMEX) or traded in the over-the-counter market and quoted on the National Association of Securities Dealers Automatic Quotation Service.</p> <p>Industry and sector allocations should ensure prudent diversification and risk control.</p> <p>Investment in any issuer of stocks and bonds must be limited to 5% of the market value of the portfolio.</p> <p>The maximum total Fund investment in any one company shall be less than 5% of that company's outstanding voting stock and less than 5% in value of all outstanding shares of all classes of stock of the issuer (assuming all conversions had been made by the Fund).</p> <p>The investment manager(s) may invest in equity securities of foreign issuers (ADRs) subject to the above restrictions and to a maximum of 10% of the market value of the equity portfolio. These holdings shall be limited to those denominated in U.S. dollars and listed and traded on major domestic exchanges.</p> <p>If in any calendar year the turnover of equity investments exceeds 100% of the market value of the respective portfolio, the investment manager(s) will promptly submit to the Board a detailed explanation of the trading activity. (For this purpose, turnover shall be calculated quarterly as the ratio of the lesser of purchases or sales to true average market value of the equity portfolio over the quarter.)</p> <p>Charitable gift annuity investments are limited to no more than 50% equities (including mutual funds) and no more than 10% may be invested in any one stock or fund.</p> <p>Real Estate must be publicly traded and in fund format and fully liquid</p>	<p>Bonds/Notes Expected Average: Minimum S&P BBB Moody's Baa</p> <p>These minimum ratings are not to exceed 50% of bond category.</p> <p>Money Market Expected Average: S&P AI Moody's PI</p> <p>Minimum S&P AI Moody's PI</p> <p>The following instruments are acceptable for all domestic fixed income:</p> <p>Commercial Paper or Variable Rate Notes rated P-1 by Moody's, AI by Standard & Poor's or FI by Fitch.</p> <p>Certificates of Deposit and Bankers Acceptances rated A or better by Moody's Investor's Service or equivalent by Standard & Poor's</p> <p>United States Treasury Bonds, Notes and Bilis.</p> <p>Debt instruments of the U.S. Government or its Agencies.</p> <p>Marketable corporate debt and asset-backed securities rated the equivalent of BBB or better by Moody's Investors Services, Standard & Poor's, or Fitch Investor's Services.</p>

	<u>All Equities</u>	<u>All Fixed Income</u>
Prohibited Categories	<p>Short sales or "naked" positions</p> <p>Margin purchases</p> <p>Restricted stock</p> <p>Private placements</p> <p>Options, "puts" and "calls," except those purchased for purposes related to risk management</p> <p>Futures contracts, except those purchased for purposes relating to</p> <p>Unrated securities may not be purchased without prior consent of the Fund</p> <p>Issuer has business relationships with investment manager</p>	<p>Issues traded flat (not currently accruing interest)</p> <p>Issuer has business relationship with investment manager</p>
Special Considerations		<p>The duration of the fixed income portfolio shall be maintained within a range of +/-15%.</p> <p>Fixed income holdings which are downgraded by one or more recognized rating services to a rating below the established limitations must be sold within a reasonable period of time not to exceed one year. If a security is downgraded below the established limitations, the manager is to notify both the Fund and Investment Consultant in writing, as soon as possible (not to exceed 7 days of the downgrade.)</p>

VII. Manager Evaluation and Review

A Reporting and Review

The SJR STATE Foundation Board of Directors shall meet periodically to review the returns of the Foundation versus its performance objectives on both absolute and relative return basis. It is the responsibility of **the** investment manager to supply the Board with monthly statements which detail the specific assets of the account including cost, current market value and all income and principal transactions within the account.

B Performance Measures

Manager performance in all cases will be evaluated according to the long-term asset allocation guideline specified in the policy.

C Adherence to Published Investment Style

The investment managers were selected because of their desire to execute the Board's investment style or approach. The Board will monitor its investment managers on an annual basis to ensure that the investments remain consistent with its aims.

D Proxy Voting

The investment manager shall have the full authority to vote proxies related to equity investments. The investment manager should discharge voting duties.

E Periodic Meetings

The investment manager shall meet with the Board periodically to review performance and to discuss and/or revise the Foundation's investment objectives.

XVI. Policy Review and Modifications

A Frequency of Policy Review

The Board will review the investment objectives and restrictions for the Foundation every three years. The Board will also use its periodic investment performance evaluations as an occasion to consider whether any elements of existing policy are either insufficient or inappropriate. In particular, the Board will review the following:

1. The Foundation's ongoing ability to tolerate downturns in asset values {a function of financial and cash flow considerations)
2. The Foundation's ongoing willingness to tolerate downturns in asset values (a function of psychological considerations)
3. Any changes in the Foundation's liquidity requirements
4. Any changes in the Foundation's income requirements
5. Any changes in the Foundation's rate of return objectives
6. The practicality of existing time horizon assumptions
7. Changes in Foundation priorities
8. Convincing arguments presented by investment manager, and
9. Areas found to be important, but not covered by policy

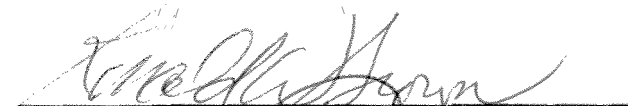




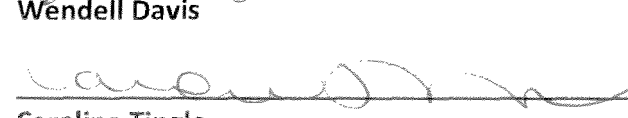
The Board views its investment policy as the basic tool for the execution of a long-range investment program. A three-year review of the investment policy is recommended so that objectives and constraints set forth in this document can adapt to the changing circumstances and needs of the Foundation. The plan of action set forth in this policy represents a blending of the anticipated requirements of the Foundation and long-term capital market assumptions. Potentially damaging inconsistency could occur if the policy underwent significant changes over relatively short periods of time or responded to temporary market conditions.

Investment Policy Review

To ensure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Investment Committee plans to review the investment policy at least annually.

IN WITNESS WHEREOF, this document has been approved and executed by the undersigned on this 28 day of Aug 2019.

St. Johns River State College Foundation Investment Committee

 _____ Ron Brown	<u>8/28/19</u> _____ Date
 _____ Melissa Miller	<u>8/28/19</u> _____ Date
 _____ Joe Pickens	<u>8/28/19</u> _____ Date
 _____ Daniel Martinez	<u>8/28/19</u> _____ Date
 _____ Wendell Davis	<u>8/28/19</u> _____ Date
 _____ Caroline Tingle	<u>8/28/19</u> _____ Date