

HILLSBOROUGH

COMMUNITY COLLEGE FOUNDATION

INVESTMENT POLICY

PURPOSE

The investment objectives of the H.C.C. Foundation, Inc. are:

1. Preservation of the principal of its assets, while
2. Producing sufficient income and asset growth to achieve its operational, endowments, projects and scholarship needs, and
3. To provide for sufficient growth of its assets to meet its future needs.

The Foundation recognizes the potential conflicts which exist in attempting to achieve these objectives and intends its assets be invested with the reasonable care, skill, diligence and prudence, consistent with the type of organization this Foundation represents.

INVESTMENTS COMMITTEE

The Foundation, through the Investment Committee which operates under the Finance Committee, is responsible for making recommendations for the investment manager(s) on policy and procedures, in an effort to maximize the benefit generated by those investments for the operation, projects and scholarships undertaken by the Foundation. The Investment Committee will be comprised of volunteer directors and the Executive Director of the Foundation. This Committee will provide policy and procedure recommendations to the Foundation Board regarding investments. Foundation investments may include stocks, bonds, mutual funds and cash equivalent investments. These recommendations are intended to provide the Board with needed guidelines for the monitoring of the selected money manager(s). Again, the Investment Committee's goal is to enhance portfolio performance, consistent with sound investment policy for preservation of capital. In the definition of performance, it is understood this includes both interest, dividends, and expected portfolio growth.

INVESTMENTS

The Foundation has the following goals for its investment strategy:

1. Reasonable safety and preservation of capital
2. Liquidity to meet operating and capital requirements
3. Generation of income
4. Return on investments as defined above
5. Growth of assets

Investment Policy (continued)

PERFORMANCE MEASUREMENTS

The Foundation Board expects the investment Committee to have or to install and maintain a system of monitoring the performance of the money manager(s) against recognized standards of performance as deemed appropriate by this Committee, including, but not limited to, the following:

1. Measurements against inflation .this would compare the portfolio performance against the CPI, with a target of 50 % over that index. A goal of comparable performance against a broad based index, such as the S&P 500, or such other indices that may be deemed appropriate in the future.
2. To provide market equivalent yields, consistent with the Foundation investment goals.
3. To confirm the selected money manager(s) maintain consistency with the objectives of this policy.

Should the investment Committee, or the full Board of Directors, determine that a money management group is not performing for a period which exceeds two years, defined as a period which exceeds a 24 consecutive month period; or is not being consistent with the investment policy; or is not properly communicating with the Foundation as per the agreement, steps are to be taken to replace that group of money managers. In any event, the Board, through its designate of the Investment Committee, maintains the authority to appoint money management groups at its sole discretion.

ASSET ALLOCATION

To provide for appropriate investment opportunities, the Committee provides guidelines for resources held by the money manager(s) to use as follows as to percentage of assets in any general investment category:

<u>Asset Category</u>	<u>Guideline Range</u>
Cash equivalents	0 - 15%
Fixed Income Securities	15 - 35%
Equity Securities	0 - 85%

The Foundation Investment Committee takes the position that it has the right to use multiple money managers to attain the overall target for the combined portfolio.

The cash equivalent category shall include all assets in structured accounts, such as money market, certificates of deposit which have a stated maturity, or are readily convertible to cash. This category is intended to provide funds for liquidity needs and to moderate overall portfolio volatility.

Investment Policy (continued)

Either the money manager(s) or Investment Committee may invest in commercial paper and federally insured certificates of deposit with domestic U. S. issuers; U. S. Treasury Bills; repurchase agreements secured by U. S. Government or Agency securities; and pooled funds if the securities within the fund meet the standards of these guidelines. Commercial paper must be rated A-1 or P-1 by Standard & Poors, or Moody's, respectively.

The equity category shall include all common stocks, preferred stocks and convertible securities. The Committee has placed emphasis in the selection of individual equities as being in companies with proven records, favorable earning prospects and having a reported (via outside certification), sound financial condition. Listed securities on the New York Stock Exchange, American Stock Exchange and the NASDAQ exchange are eligible for purchase. Securities traded on major foreign markets are acceptable, based on the specific recommendations from the money manager(s).

Fixed income securities shall include all fixed income securities which have a maturity of one year or more. This category is intended to provide current income, to seek total return and to reduce overall volatility. The money manager(s) may select from U.S. Treasury, U.S. Government Agency obligations and corporate debt securities rated A or better by Standard & Poors or Moody's. As the Foundation is a "501 (c) (3)" corporation, exempt from taxes as the laws are presently enacted, tax-free securities are not appropriate as an investment. Investments in fixed income securities should be invested with both the income and cash flow needs of the Foundation in mind. The Investment Committee, in conjunction with the Finance Committee, will provide money manager(s) with projected cash needs for the fiscal year.

It is the expectation of the Investment Committee that they will initially provide for the cash flow needs of the Foundation, for at least the initial full fiscal year of investment via the selected money manager. This specific policy may be continued at the determination of the Investment Committee, providing the money manager(s) with additional opportunity to "grow" the assets of the Foundation.

DIVERSIFICATION

No single money manager is to invest more than 5% (at cost) in any one security, the single exception being U.S. Government or Agency securities. Further, no more than 20% (at cost) is to be invested in any one industry group of the assets under their direct control.

If, due to unusual market conditions, a money manager(s) is of the opinion the situation justifies allocation of assets outside of the parameters provided in the Committee policy, before proceeding, the money manager(s) must first present his/her investment intent and then obtain written consent of the Investment Committee.

Investment Policy (continued)

COMMUNICATIONS

The Foundation expects, at a minimum, the following communications from its money manager(s):

- I. Monthly statements
2. Quarterly summaries/reports
3. Annual or more frequent personal presentations, as needed
4. Written or telephone communications to the Executive Director and / or Investment Committee Chair of any unusual or significant occurrences. Specifically included is advice of losses before they are realized, in amounts which equal or exceed 10% of cost for individual securities or of amounts equal to or exceeding 2 1/2 % of the assets under direct control of the money manager.
5. Notice of intent to replace a portfolio manager(s).
6. Notify Executive Director or Committee Chair when current allocation makes a material (5%) change.

PROHIBITED TRANSACTIONS

Certain areas of investment and certain types of transactions are believed by the Committee to be inappropriate for the proper conduct of its fiduciary activities. They include:

1. Margin purchases
2. Private placements
3. Commodity dealings of any type
4. Limited partnerships
5. Derivative securities
6. R.E.I.T.S.
7. Option activity of any type
8. Stocks traded on exchanges outside of the USA markets, with only secondary coverage's in USA markets, except by Finance Committee approval.

CONCLUDING STATEMENT

The Investment Committee does not intend these policy and procedure statements to deny the selected money manager(s) the full opportunity to grow the assets of the Foundation. They are intended to provide an overall level of guidance and understanding of the key needs of the Foundations and the framework for meeting to quickly remove any difficulty.