

ADMINISTRATIVE PROCEDURES

Title: INVESTMENT PLAN	Identification: 6.03
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	Effective Date: June 9, 2016
Authority: SBE 6A-14.0765; FS 218.415; 1001.64; 1001.65 HCC Rule 6HX-10-6.01	Signature/Approval: Dr. Ken Atwater

PURPOSE

This procedure establishes guidelines for the Investment Plan for College funds at Hillsborough Community College (HCC).

PROCEDURE

The following Investment Plan addresses the investment of any public funds in excess of the amounts needed to meet current expenses. This Plan is to be adopted by the District Board of Trustees per Florida Statute 218.415 and State Board of Education Rule 6A-14.0765, FAC.

1. Scope and General Guidelines

- A. This Plan applies to any surplus funds (Fund) managed internally by Hillsborough Community College staff, or externally by an Investment Manager, maintained for the benefit of the District Board of Trustees of Hillsborough Community College (College). The Plan shall not apply to pension funds or funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds.
- B. Subject to the limitations provided above and throughout the Plan, the College shall have full discretion in terms of asset mix, security selection and timing of transactions.
- C. The President of the College, or designee, will appoint an Investment Committee to oversee the management of the Plan. The Investment Committee will retain authority to manage the College's portfolio within the stated guidelines in the Plan to provide maximum benefit to the College. The Investment Committee will include, but not be limited to the following: Vice President for Administration/ CFO, Controller and Director of Finance and Budget.

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2. Investment Objectives

The Fund's primary objective is to place the highest priority on the safety of principal followed by liquidity of funds. A secondary objective is to maximize income (book yield) while providing minimal risk of market value volatility and adequate short-term liquidity to meet any cash flow demands.

3. Performance Measurement

The portfolio seeks to outperform its benchmark on a total return basis. The target benchmark to be used is the U.S. Treasury one year constant maturity index. This benchmark is consistent with the Plan's intended average maturity and overall objective of principal preservation and liquidity of funds.

4. Prudence and Ethical Standards

Investments shall be made in accordance with the "Prudent Person Rule," as contained in Florida Statute 218.415(4), which states that: "Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

5. Authorized Investments

Investments shall be limited to fixed income securities selected from the following types:

- A. State Board of Administration (SBA) - Florida Prime.
- B. Treasury Special Purpose Investment Account (SPIA) - State of Florida Investment Program.
- C. U.S. Treasury Bills, Notes, Bonds, Strips, and other obligations whose principal and interest is fully guaranteed by the United States of America or any of its agencies or instrumentalities.
- D. Government Sponsored Enterprises (GSE): Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), Student Loan Marketing Association (SLMA), Financing Corporation (FICO),.

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The Resolution Funding Corporation (REFCO), Farm Credit System Financial Assistance Corporation, the Federal Housing Finance Board and all other government sponsored agencies and enterprises.

- E. Certificates of Deposit in state-certified qualified public depositories or institutions where deposits are covered by FDIC insurance.
- F. Commercial Paper rated "A1/P1" or better, or Tier I or the equivalent as a minimum as defined by Standard & Poor's and/or Moody's and all other nationally recognized credit rating organizations at the time of purchase.
- G. Money Market Funds (Government or U.S. Treasury only) registered with the SEC and invested only in securities as allowed by this policy. This may include the purchase of shares in open ended, no load money market funds regulated under the Investment Company Act of 1940, operating in accordance with rule 2(A)7. The fund investment guidelines must state that "the fund will seek to maintain a \$1 per share net asset value."
- H. Any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in F.S. 163.01, which maintains a similar investment objective.
- I. Repurchase Agreements: collateralized at 102% by U.S. Treasuries or U.S. Government-sponsored enterprises.
- J. Mortgage-Backed Pass Throughs guaranteed by the U.S. Government or a Federal agency, including securities collateralized by the same.
- K. Corporate Debt Securities issued by any corporation within the United States, provided that such instrument is rated "A- or equivalent" or better by at least two Nationally Recognized Statistical Rating Organizations (NRSRO's) at time of purchase. Investment in convertible securities is prohibited.
- L. Contractual arrangements for interest payments on surplus funds maintained in the College's checking account(s).

6. **Maturity and Liquidity Requirements**

The investment portfolio (Fund) shall be constructed in such manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, an attempt will be made to match investment maturities with known cash needs and

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anticipated cash-flow requirements. The intent of the Plan is to buy and hold financial instruments until maturity whenever feasible.

7. **Portfolio Composition**

The investment portfolio shall be limited to the maximum percentages stated below for each of the following categories:

State Board of Administration (SBA)	100%
Treasury Special Purpose Investment Account (SPIA)	100%
U.S. Treasury Bills/Notes/Bonds/Strips	100%
Government Sponsored Enterprises (GSEs)	75%
Certificates of Deposit	75%
Commercial Paper	20%
Money Market Funds	50%
Intergovernmental Investment Pool	100%
Repurchase Agreements	25%
Mortgage-Backed Pass Throughs	25%
Corporate Debt Securities	20%
Contractual Agreements	100%

8. **Risk and Diversification**

Investments held shall be diversified, in accordance with the guidelines set above, to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold. Diversification strategies within these guidelines shall be reviewed and revised periodically, as deemed necessary by the Investment Committee.

9. **Authorized Investment Institutions and Dealers**

The Investment Committee will maintain an approved list of investment institutions and dealers for the purchase and sale of securities. The Investment Committee is responsible for establishing and maintaining the approved list and will make it available to the College upon request.

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10. **Third- Party Custodial Agreements**

All securities purchased by Hillsborough Community College or by its approved Investment Manager under this Plan shall be properly designated as an asset of the District Board of Trustees of Hillsborough Community College and held in safe keeping by a third party custodial bank or other third party custodial institution. If a bank or trust company serves in the capacity of Investment Manager, said bank or trust company could also perform required custodial and reporting services. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by those designated within the Investment Management and Custodial Agreement between the Custodian and the College. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

11. **Master Repurchase Agreement**

The Investment Manager will maintain a Master Repurchase Agreement and shall require all approved institutions and dealers transacting repurchase agreements to adhere to the requirements stated in the Master Repurchase Agreement.

12. **Bid Requirement**

The Investment Committee and Investment Manager shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Exceptions to this approach may be made when (1) prices for purchases/sales are compared to systems providing current market prices and deemed reasonable, (2) when the security to be purchased is unique to one institution or (3) the security has recently been issued and is trading at the same price by all financial institutions.

13. **Internal Controls**

The Vice President for Administration/CFO or designee will establish a system of internal controls. The controls will be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the entity. The internal controls should be reviewed and revised periodically. All changes should be approved by the Investment Committee.

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14. Reporting

Unless otherwise indicated, the following are the responsibilities expected of the Vice President for Administration/CFO or designee and Investment Manager:

Annual reporting of holdings and transactions occurring in the Fund. This report is to include securities in the portfolio by class/type, book value, income earned and market value as of the report date. In addition, this report shall be available to the public upon request.

15. Continuing Education

At least one member of the Hillsborough Community College Investment Committee is required to complete a minimum of 8 hours of continuing education in subjects or courses of study related to investment practices and products on an annual basis. The required hours can be completed by any member or combination of members, as long as the required number of hours is achieved annually.

History:

Adopted: 12/10/86; Revised: 10/23/90; 11/25/92; 3/29/05; 11/6/12

Formerly 5.106