



Investment Policy

Johnston Community College Foundation

PURPOSE

The Purpose of this Investment Policy is to:

- A. Establish a clear understanding of the investment goals and objectives for the financial assets of the Johnston Community College Foundation, Inc.
- B. Develop specific guidelines and limitations for the investment of Foundation funds in accordance with stated investment goals and objectives, and provide a basis for periodic review and evaluation of investment performance against stated investment objectives.
- C. Set forth the responsibilities and authority of the Foundation's Finance and Investment Committee as to directing and monitoring the investment management of Foundation financial assets.

ARTICLE I. INVESTMENT GOALS AND OBJECTIVES

Section 1.1 Goals

- A. Primarily, to achieve a 60% asset allocation of stable, short-term fixed-rate investments and a 40% asset of fluctuating long-term equity investments which provide a total return on the investment.
- B. Secondly, to maintain a sustained long-term capital appreciation of the asset portfolio.

Section 1.2 Objectives -- Shared Assets

The financial assets shall be invested as per the distributions identified below:

- A. Checking/Ready Access Funds Account – Up to \$10,000:

A Checking/Ready Access account shall be established with a local Financial Service Provider and shall constitute no more than \$10,000 from the Foundation's shared assets. This account shall be maintained for day-to-day operations. Account balances normally should not be less than \$3,000 nor more than \$10,000. When the account balance exceeds the upper limit, funds shall be drawn down and deposited to the State Treasurer's Short Term Interest Fund (STIF) account or to FDIC insured accounts, whichever is yielding the higher rate at the time of deposit. When account funds fall below the minimum, funds shall be written from the STIF account.

- B. State Treasurer's Short Term Interest Fund (STIF) or Other FDIC Insured Accounts – Up to 60%:

Unrestricted funds and endowments totaling up to 60% of the Foundation's shared assets shall be invested in the State Treasurer's Short Term Interest Fund (STIF) or other FDIC insured accounts, as directed by the Finance and Investment Committee:

1. This fund is to be managed for the preservation of capital, liquidity and cash flow needs of the Foundation.
2. The fund goal is to eliminate market fluctuation risks to Foundation assets while providing insured and fixed-rates of interest earnings.

C. Diversified Equity Portfolio (Growth) – 20%:

Twenty (20%) percent of the Foundation's shared assets shall be invested in a diversified Equity Portfolio (Growth), as directed by the Finance and Investment Committee:

1. This fund is to be managed long-term (10+ years) capital appreciation.
2. The fund goal is to manage risks to the Foundation's assets and achieve a total return equal to or exceeding the S&P 500 index or a comparable index over a ten-year period.

D. Diversified Equity Portfolio (Value) – 20%:

Twenty (20%) percent of the Foundation's shared assets shall be invested in a diversified Equity Portfolio (Value), as directed by the Finance and Investment Committee:

1. Through diversity equity investments, this fund is to produce earnings for the Foundation's assets for long-term (10+ years) capital appreciation.
2. The fund goal is to maintain a total return equal to or exceeding the S&P 500 or comparable index over a ten-year period.

Section 1.3 *Asset Management*

- A. The Executive Director of the Foundation shall be responsible for management and transfer of funds from the Checking/Ready Access account and from the STIF account or other FDIC insured accounts of the Foundation. The Executive Director shall direct that transfers be made within five (5) days of the end of each quarter to maintain appropriate fund percentages as provided in this Investment Policy.
- B. Upon receipt of a gift amount, the Executive Director of the Foundation shall be responsible for the immediate deposit of said funds into the STIF account or to an FDIC insured account, whichever is yielding the higher rate at the time of deposit, until such time as the Finance and Investment Committee determines such other allocation of the gifted funds.
- C. An Investment Subcommittee made up of three (3) members of the Finance and Investment Committee, as appointed by the Committee membership, shall assist in managing equity investments as outlined by the Investment Policy and as determined by the Finance and Investment Committee.
- D. The approved Financial Service Provider shall manage the assets designated in Section 1.2(C) unless the Finance and Investment Committee determines that the Committee shall manage said funds as allocated but without benefit of a Financial Service Provider.
- E. The Finance and Investment Committee shall manage the assets designated in Section 1.2(D).

Section 1.4 *Donor-Restricted Assets*

- A. Donors making lump sum contributions to the Foundation of \$100,000 or more may suggest or request the investment vehicle for their donation within the parameters of this Investment Policy. These suggestions or requests will be considered by the Finance and Investment Committee, but shall in no way be considered a mandate.
- B. Any and all decisions for the placement and/or investment of Foundation assets shall be at the sole discretion of the Foundation Board of Directors.
- C. Asset investment, other than described in Section 1.2, shall be by recommendation and approval of the Finance and Investment Committee.
- D. Donor-restricted assets may not be included in the calculations for shared assets described in Section 1.2.

Section 1.5 **Investment of Endowed Funds**

- A. For named endowment funds that have not reached the \$10,000 commitment level, or the \$20,000 commitment level as appropriate, the interest earnings shall be accrued to the unrestricted assets of the Foundation. However, should there be a decline or decrease in interest earnings or a market valuation loss, such negative valuation shall not be accrued to any such named endowment funds.
- B. For each named endowment fund that has reached the \$10,000, or the \$20,000 commitment level as appropriate, the interest earnings or market valuation gain shall be accrued to the assets of said endowment fund to be directed annually to the purpose for which each such fund account was established.

ARTICLE II. APPROVALS AND LIMITATIONS

Section 2.1 **Approval of Financial Service Providers**

Selection of Financial Service Providers shall be recommended by the Finance and Investment Committee and approved by the full Board of Directors. The selection of Providers shall be based on prudent due diligence. All Providers must be a registered investment advisor, bank or insurance company. Each selected Provider shall provide acknowledgement of fiduciary responsibility to the Foundation as determined by the Finance and Investment Committee.

Section 2.2 **Equity Position Limitation**

No single equity position shall account for more than fifteen (15%) percent of the shared portfolio. No industry group shall represent more than twenty-five (25%) percent of the total shared investments.

Section 2.3 **Principle Exchanges**

All equity funds shall have a readily-ascertainable market value and be traded on the principal exchanges of the United States.

Section 2.4 **Investment Restrictions**

No Foundation funds shall be invested in unregistered or restricted stock, options, real estate, chattel property, futures contracts or commodities including gold or currency futures. In addition, all Foundation investments shall be restricted from margin trading or short selling. Investments shall be made solely in the interests of the Foundation and shall be so diversified as to minimize risk of large losses.

Section 2.5 **Investment Policy for Financial Service Providers**

Each Financial Service Provider selected shall provide an investment policy for their portfolio for approval by the Finance and Investment Committee. The portfolio guidelines shall be in accordance with existing financial rules and regulations.

Section 2.5 **Definition of Risk**

Understanding that risk is present in all types of securities and investments, the Foundation recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Foundation's fund goals. However, the investments are to be made in such manner to prudently control risk and to be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and fund goals.

Section 2.6 **Aggregate Asset Allocation**

In the event that the aggregate asset allocation policies are violated for reasons including but not limited to market price fluctuations, the Finance and Investment Committee shall instruct the Financial Service Provider(s) to bring the portfolio into compliance as promptly and prudently as possible.

Section 2.7 **Financial Service Provider Review**

The Finance and Investment Committee shall evaluate the investment portfolios over a three-year period, but shall reserve the right to terminate relationship with a Financial Service Provider if, in the Committee's judgment: (a) Investment performance is significantly less than anticipated given the discipline employed and the risk parameters established or given unacceptable justification for poor results; (b) Failure to adhere to any aspect of the Investment Policy, including communications and reporting requirements; or (c) Significant qualitative change to the investment management organization itself.

ARTICLE III. PERIODIC REVIEW

Section 3.1 Investment Review

An investment performance review shall be presented to the full Board of Directors at a winter and a summer meetings by the Finance and Investment Committee. The Board may make suggestions or recommendations to the Finance and Investment Committee at this time for future investment decisions or may act on any change to the Investment Policy itself.

Section 3.2 Fund Reports

Each Financial Service Provider shall provide a quarterly report on investment performance to the Executive Director to be made available to the Finance and Investment Committee.

Section 3.3 Investment Policy Review

To assure continued relevance of the goals, objectives, financial status and market expectations as herein provided, the Finance and Investment Committee shall review the Investment Policy at least annually and make recommendation for change, as appropriate, to the Board of Directors for approval.

Adopted: June 29, 2004

Revised: July 20, 2006