

Edison State College District Board of Trustees Retreat
 AA Building, Lee Campus
 July 23, 2013
 Henry Peel, Facilitator

Workshop Agenda

8:30-9:00	BREAKFAST	AA-177
9:00-9:45	2012-2013 Recap 2013-2014 Strategic Directions Allbritten	AA-165
9:45-10:15	Online Instruction Denis Wright, Provost Mary Myers, Dean	AA-165
10:15-10:30	Break	
10:30-11:00	Foundation Investment Review Kevin Miller, Executive Director Michael Kelly, Senior Relationship Manager Terry Gerlich, Senior Client Investment Strategist Danielle Smith, Client Service Director SEI Investments	AA-165
11:00-11:30	Updates Dual Enrollment, Developmental Ed, Continuing Contracts	AA-165
11:30-12:00	Safety Update Peel Rick Parfitt, Edison Chief of Police Christine Davis, VP Student Affairs Jason Dudley, CIO	AA-165
12:00-12:30	LUNCH	AA-177
12:30-1:30	BOT Logistics Peel <i>Items for Discussion:</i> <ul style="list-style-type: none"> • Number of Board Meetings • Focus of Board Meetings • Charter School Board Meetings • Facilities Items and Designated Spending Authority • Personnel Items and Designated Hiring Authority • Consent Agenda • BOT Committee Meeting Structure • Action Items for BOT Meetings – Protocol • Information Items for BOT Meetings – Protocol • Standing Reports and Special Reports • Digital Meeting Materials – Posted Online for Trustee Access 	AA-165
1:30-2:00	Executive Session Collective Bargaining Discussions	AA-165
2:00-3:00	BOT Business Meeting Open to Public Starnes-Bilotti	AA-177
3:00	Orientation Handouts (SACS Overview for College Trustees; AFC Trustee Manual) Reminder: 1 st Annual AFC Trustee Commission Conference 9/12-13/13)	
3:10	ADJOURN	



EDISON STATE
COLLEGE
Foundation, Inc.

INVESTMENT POLICY

March 19, 2013 (amended)

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INTRODUCTION

This document establishes the Investment Policy for Edison State College Foundation, Inc. invested assets (the "Fund").

In considering and managing its investments, the Foundation will strive at all times to be in compliance with the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). The Foundation has arrived at this Investment Policy through careful study of the returns and risks associated with alternative investment strategies in relation to the current and projected liabilities of the Fund.

The Foundation has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

DUTIES AND RESPONSIBILITIES

The Foundation is responsible for managing the investment process in a prudent manner with regard to preserving principal while providing reasonable returns. In carrying out these duties, the Foundation shall retain an Investment Adviser to assist in managing the Fund. The Investment Adviser's role is to provide guidance to the Foundation on matters pertaining to Fund including development of an investment policy, investment selection, monitoring the Fund's performance, and compliance with the approved Investment Policy. All decisions pertaining to the Investment Policy and guidelines for the Policy's implementation shall be made by the Foundation. The Investment Adviser, in carrying out the Investment Policy defined in this document, has authority and responsibility to select appropriate investments in the specific asset classes mandated by this Investment Policy, in accordance with the terms of the management agreement between the Foundation and the Investment Adviser.

Foundation:

The Foundation will retain a qualified investment adviser to assist in the development and implementation of the Investment Policy and guidelines.

- The Foundation will establish the Investment Policy for the Fund. This includes, but is not limited to, allocation between growth and risk management strategies, selection of acceptable asset classes and investment performance expectations.
- The Foundation Finance Committee will review the annual investment strategy recommended by the Investment Advisor.
- The Foundation will regularly review the investment performance of the Fund including the performance of the Investment Adviser to assure that the Investment Policy is being followed and progress is being made toward achieving stated objectives.

Investment Adviser:

- The Investment Adviser will assist the Foundation in establishing policies and guidelines contained in this Investment Policy.
- The Investment Adviser will be responsible for managing the asset allocation, recommending investment strategy, and implementing security selection decisions through the investment sub-advisers for the mutual funds managed by the Investment Adviser, within the policy guidelines set forth in this document and as otherwise provided by the Foundation.
- The Investment Adviser will recommend and monitor the target allocation for investments within the asset classes outlined on page 3. Following the close of a month where the actual allocations fall outside the Investment Policy, the Investment Adviser will reallocate assets in accordance with the target asset allocation specified in this Investment Policy Statement, as approved by the Foundation.
- The Investment Adviser will report quarterly on total Fund performance.
- The Investment Adviser will keep the Foundation advised of any material change in its personnel, the investment strategy, or other pertinent information potentially affecting performance of all investments.

STATEMENT OF OBJECTIVES

The purpose of Fund investments is to achieve a long-term real rate of return. The real rate of return is equal to the rate of inflation as measured by the Consumer Price Index using a three-year moving average as calculated on an annual basis. Over the long term, this shall achieve an average total return that meets or exceeds the sum of the Foundation's spending rate plus the inflation rate plus investment management and administrative fees.

The financial obligations that shall be met are as follows:

1. Achieve a long-term total return that, at a minimum, preserves the real value of the principal of the endowment in perpetuity.
2. Augment the real purchasing power of the Fund, while exercising due care and fiduciary responsibility and avoiding excessive risk. The determination of purchasing power is based on the market value of the endowment's assets adjusted for investment returns, spending and inflation.

Fund Financial Objective

For the long-term, the primary investment objective for the Fund is to earn a total return, net of fees and within prudent levels of risk, which is sufficient to maintain in real terms the purchasing power of the Fund's assets and support the defined spending policy.

While there cannot be complete assurance that this objective will be realized, it is believed that the likelihood of its realization is reasonably high based upon this Investment Policy and historical performance of the asset classes discussed herein. The objective is based on a ten-year investment horizon, so that interim fluctuations should be viewed with appropriate perspective. The Foundation realizes that market performance varies and that a real rate of return may not be meaningful during some

periods. The Foundation also realizes that historical performance is no guarantee of future performance.

Spending Policy

The long-term objective of the Foundation spending policy is to maintain the purchasing power of the Fund with the goal of providing a predictable and sustainable level of income to support current operations. In compliance with FUPMIFA, unless otherwise specified or implied by a gift agreement or other document, at no time will spending invade the principal of endowed funds.

The amount to be distributed (spent) from the Foundation assets will be reviewed annually by the Finance Committee and appropriate recommendations made to the Executive Committee. It is expected that the annual amount to be distributed from Foundation invested assets will be at or between 4 percent and 5 percent of a three-year rolling average of year-end market values. In addition, the annual administrative fee, with a long-term spending rate determined by the Finance Committee, is also calculated on a three-year rolling average of year-end market values of the Fund.

STATEMENT OF INVESTMENT POLICY

Asset Allocation

To achieve its investment objective, the Foundation's endowment will be allocated among six asset classes. The purpose of allocating assets to these asset classes, listed below, is to ensure the proper level of diversification within the Fund.

<u>Asset Classes</u>	<u>Range</u>
Domestic Equity	20-40%
Large Cap	
Small Cap	
International Equity	10-20%
World Equity Fund	
Hedge Funds	0-25%
Fixed Income	20-40%
High Yield Bonds	
Core Fixed	
Emerging Debt	
Inflation Protection Assets	0-10%
Real Return	
Real Estate	
Cash or Cash Equivalents	0-10%

Equity - The purpose of equity investments in the endowment, both domestic and international, is to provide capital appreciation and current income, with the recognition that this class of investment carries with it the assumption of potentially high market volatility over some periods.

Hedge Funds – The purpose of hedge funds is to earn equity-like returns with less volatility over time. Hedge funds provide an additional benefit of providing portfolio diversification, thereby lowering the probability for the Fund to have large market value variations over short-term horizons.

Fixed – The purpose of fixed income investments, both domestic and international, is to provide diversification and a highly predictable, dependable source of income. Fixed instruments should reduce the overall volatility of the Fund's assets and provide a deflation hedge.

Inflation Protection Assets - The purpose of this strategy is to provide inflation sensitivity and protection to the Fund.

Cash Equivalent Reserves - The investments selected by the Investment Manager in accordance with this Investment Policy Statement may include a small portion of total assets in cash reserves when deemed appropriate.

Adherence to Policy Targets and Rebalancing

The asset allocation established by this Investment Policy represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside of the policy range. These divergences should be of a short-term nature.

To ensure that divergence from the target policy is within acceptable limits, rebalancing assets may be necessary.–Rebalancing among asset classes will occur on a monthly basis (if required) to ensure that the target asset allocation specified in this Investment Policy is maintained. The Investment Adviser shall identify the amount of assets that must be reallocated in order to bring the Fund back into compliance with this Investment Policy Statement and will issue the necessary instructions for the transfer of funds.

Written performance reports shall be provided to the Foundation monthly.

UIDELINES FOR PORTFOLIO HOLDINGS

The Investment Adviser shall implement this Investment Policy through investments as outlined in the terms of the investment management agreement.

Diversification

The purpose of diversification is to provide reasonable assurance that no single security, or class of securities, will have a disproportionate impact on the performance of the total fund. Diversification is an important step in reducing the risk of the Fund.

Volatility

Consistent with the desire for adequate diversification, the Investment Policy is based on the assumption that the volatility of the combined equity investment will be similar

to that of the market opportunity available to institutional investors with similar return objectives.

Proxy Statements

Proxy statements will be voted in accordance with the terms of the Investment Management Agreement.

Execution of Security Trades

The Foundation expects the purchase and sale of Fund securities to be made in a manner designed to receive the combination of best price and execution. The Foundation recognizes that mutual fund shares are purchased and sold at the net asset value next determined after receipt of the order, and that accordingly, best price and execution may not be applicable to such transactions.

CONTROL PROCEDURES

Review of Investment Objectives

Investment performance will be reviewed annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy for achieving these objectives. The validity of the stated objective will also be reviewed annually.

It is not expected that this Investment Policy will be amended frequently. Short-term changes in the financial markets should not require an adjustment to the Investment Policy.

Review of Investment Adviser and Investments

The Foundation will continually review the performance of the Investment Adviser.

Performance Expectations

Performance reviews of the Investment Adviser will focus on:

- Comparison of investment results to appropriate benchmarks, as well as market index returns in both equity and debt markets.
- Investment adherence to this Investment Policy and guidelines.
- Material changes in the Fund's investment organizations, such as in investment philosophy, personnel, acquisitions or losses of major accounts.

ADOPTION OF INVESTMENT POLICY

The Board of Directors of the Edison State College Foundation, Inc. has reviewed and approved this Investment Policy dated March 19, 2013, prepared with the assistance of SEI Investments Management Corporation.



3/26/2013

*Tammy Surratt, Chair
District Board of Directors*

Date



Michael D. Kelly
Senior Relationship Manager
Institutional Group - Relationship Management Team

Michael Kelly serves as a Senior Relationship Manager where he is responsible for providing advisory services to institutional clients regarding investment and risk management strategies, portfolio construction and charitable planned giving solutions.

Prior to joining SEI in 2011, Michael held senior investment advisory roles at Deutsche Bank, UBS Private Bank and Ashbridge Investment Management where he advised institutions regarding their traditional and alternative asset class and sub-adviser allocations. Michael directed client service for the Investment Management Consulting Unit of Janney Montgomery Scott where he managed relationships with a variety of nonprofit, corporate and public pension plans. Earlier in his career he worked as a Trader and Assistant Fixed Income Portfolio Manager at Wasmer Schroeder and Company and as an Editor at Dow Jones News Service where he created and edited a leading institutional real estate investment newsletter.

Bachelor of Science in Economics, University of Pennsylvania Wharton School of Business
Licensed Registered Representative, FINRA Series 7 and 66 (SEI Investments Distribution Company, member FINRA)

Year started with SEI: 2011

Year started in the investment industry: 1992

Previous employers: Deutsche Bank, UBS Private Bank, Ashbridge Investment Management, Janney Montgomery Scott, Wasmer Schroeder and Company, Dow Jones News Service



Terrence (Terry) Gerlich, CFA, JD
Managing Director
Investment Management Unit - Client Investment Strategy Team

Terry Gerlich serves as the Managing Director of the Client Investment Strategy Team within the Investment Management Unit. He is responsible for investment strategy and communication with a specific focus on delivering strategic investment advice to SEI's North American institutional clients. Terry is also responsible for investment product research and development focused on the needs of institutional clients.

Prior to joining SEI in 2007, Terry was an Equity Portfolio Manager and led a large cap growth equity team. He also has experience as a Lead Consultant with an investment consulting firm where he was responsible for asset allocation analyses. Terry has served as Executive Director and Legal Counsel for the Massachusetts Retirement Law Commission, an independent government agency responsible for rendering legal policy and cost analyses on issues relating to the operation of Massachusetts public retirement systems.

Terry has been a guest lecturer at the Boston College Carroll School of Management. He has also authored numerous research studies on a variety of pension issues and has appeared before a number of professional groups and legislative committees.

Bachelor of Arts in Political Science, Boston College
Juris Doctor, Boston College Law School
CFA Charterholder, CFA Institute
Instructor for the Boston University Chartered Financial Analyst Review Program

Year started with SEI: 2007

Year started in investment industry: 1990

Previous employers: Freedom Capital, Massachusetts Retirement Law Commission



Danielle K. Smith
Client Service Director
Institutional Group - Relationship Management Team

Danielle Smith serves as a Client Service Director, focusing on the nonprofit market. She is responsible for assisting the Senior Relationship Manager in helping clients achieve their goals and serves as a supplementary source for investment expertise. Danielle also supports clients as the primary “day to day” contact in executing solutions and strategic client initiatives.

In her preceding role, Danielle was an Account Manager in the Private Banking and Trust Unit at SEI. She was responsible for acting as a liaison for large banking clients utilizing SEI’s full and partial outsourcing solution. She assisted clients in determining and executing products and programs to suit their unique needs. She has held several positions within the Private Banking and Trust Unit and her experience includes working in various stages of the client process.

Licensed Registered Representative, FINRA Series 7 and 63 (SEI Investments Distribution Company, member FINRA)

Year started with SEI: 2000

Year started in investment industry: 1996

Previous employers: First Union, Investors Trust Co.