

**NEW COLLEGE OF FLORIDA
REGULATIONS MANUAL**

CHAPTER 3 - Administrative Affairs

3-2001 Investments

This regulation governs the investment of funds in accordance with Chapters 1011.42(5) and 218.415, Florida Statutes. It applies to funds in excess of those required to meet current expenses for the benefit of NCF.

- (1) **Investment Objectives.** The primary objective is to place the highest priority on the safety of principal and liquidity of funds. The optimization of investment income shall be secondary to the requirements for safety and liquidity. A secondary objective is to maximize income while providing minimal risk of market value volatility and adequate short-term liquidity to meet any cash flow demands.
- (2) **Prudence and Ethical Standards.** Investments shall be made in accordance with the “Prudent Person” principle, which states the following:
 - (a) Investments shall be made with judgment and care, under circumstances then prevailing, which person 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.
 - (b) Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees involved in the investment process shall disclose to NCF any material financial interests in financial institutions that conduct business with NCF, and shall further disclose any material personal financial/investment positions that could be related to the performance of NCF’s investment program.
- (3) **Authorized Investments.** Investments shall be limited to fixed income securities selected from the following types:
 - (a) State Treasury Investment Pool (e.g. SPIA).
 - (b) State Board of Administration Local Government Surplus Fund Trust Fund (SBA Pool)
 - (c) U.S. Treasury Bills, Notes, Bonds, and other obligations whose principal and interest is fully guaranteed by the United States of America or any of its agencies or instrumentalities.
 - (d) Repurchase Agreements: collateralized at 102% by U.S. Treasuries.
 - (e) Certificates of Deposit in state-certified qualified public depositories.
- (4) **Maturity and Liquidation Requirements.** The investment portfolio shall be constructed in such a 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 anticipated cash-flow requirements.

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- (5) Portfolio Composition. Recognizing that market value volatility is a function of maturity, the portfolio shall be maintained as a short-term maturity portfolio. Additionally, it is recognized that proper diversification is considered a prudent investment approach.
- (6) Internal Controls. The Controller will establish a system of internal controls and operational procedures, which will be documented in writing. 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 entity.
- (7) Reporting. NCF will provide quarterly reporting of the portfolio's performance which will include the investments rate of return, average investment amount, and interest earnings.
- (8) Periodic Review. It is the intention of the BOT to review this Statement of Investment Policy periodically and to amend it to reflect any changes in philosophy or objectives. However, if at any time the investment managers believe that the specific objectives defined herein cannot be met or that these guidelines unnecessarily constrict performance, the BOT shall be so notified in writing.
- (9) Review and Responsibility. The Controller shall be responsible for implementing this regulation.

Authority: Article IX, Sec. 7, Fla. Constitution; Fla. Stat. 1011.42 and 218.415; Fla. Board of Governors Regulation 1.001

History: Adopted 11-15-07; Revised 09-11-10, 03-11-17 (technical amendment)