



TALLAHASSEE COMMUNITY COLLEGE FOUNDATION

REQUEST FOR PROPOSALS
FOR
INVESTMENT MANAGEMENT SERVICES

ISSUE DATE: November 16, 2018

Tallahassee Community College Foundation
444 Appleyard Drive Tallahassee, FL 32304
www.tcc.fl.edu/foundation

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SECTION 1: ADMINISTRATIVE INFORMATION

INTRODUCTION:

This Request for Proposal (RFP) has been issued by the Tallahassee Community College Foundation. The Foundation is soliciting proposals to secure a contract for Investment Management Services. The Foundation seeks an experienced firm to provide advisory counsel and investment management services for a portfolio currently valued at approximately \$15 million.

OFFICIAL MEANS OF COMMUNICATION:

During the solicitation process for this RFP, all official communication between the Foundation and offering firms will be via postings on the Tallahassee Community College Foundation website at: <http://www.tcc.fl.edu/foundation>. Notices may include, but are not limited to any modifications to administrative or performance requirements, addendums or revisions to any part of the RFP, answers to inquiries received, clarifications to requirements, and the announcement of the winning proposal. *Proposing firms must carefully and regularly monitor the Foundation website for any such postings.*

SCOPE:

This RFP provides instructions governing the proposal to be submitted, mandatory requirements which must be met to be eligible for consideration, criteria by which a firm may be selected, and the contractual terms by which the Foundation proposes to govern the relationship with the selected firm.

SCHEDULE OF ACTIVITIES

RFP Issue Date	November 16, 2018
Inquiries Due	November 30, 2018 by 2:00pm EST
Response to Inquiries	December 10, 2018
Proposal Submission Deadline	January 8, 2019 by 2:00 pm EST
Selection of Finalists	January 31, 2019
Oral Presentations (if necessary)	February 12, 2019
Approval by Foundation Board	March 28, 2019
Contract Start Date	July 1, 2019

INQUIRIES:

Firms may make inquiries concerning this RFP to obtain clarification of requirements. No inquiries will be accepted after the date and time indicated in the Schedule of Activities. Send all inquiries to peavyj@tcc.fl.edu.

MODIFICATION OR WITHDRAWAL OF PROPOSALS:

Proposals may be modified or withdrawn by the offering firm prior to the established submission due date and time.

PROPOSAL SUBMISSION:

To be considered responsive, proposals must be received on or before the date and time indicated in the Schedule of Activities. All proposals received will become part of the official files of Tallahassee Community College Foundation without any obligation on the part of the Foundation. Proposals received after the deadline will not be considered. Firms mailing their proposals are advised to allow sufficient mail delivery time to ensure receipt of their proposals by the time specified. The proposal package should include

- (1) original document
- (7) seven copies
- Electronic copy (by memory stick) of all materials

Your RFP should be no more than 20 pages and must be delivered or sent by mail to:

Tallahassee Community College Foundation
c/o Jennifer Peavy, Chief Financial Officer
444 Appleyard Drive
Tallahassee, FL 32304
Email: peavyj@tcc.fl.edu
Direct Line: (850)201-6447

Proposals must be submitted and sealed in a package clearly marked on the outside lower left corner:
RFP for INVESTMENT MANAGEMENT SERVICES
SEALED PROPOSAL

The Foundation reserves the right to reject any and all proposals in whole or in part, to withdraw the RFP, to waive informalities in the solicitation documents, and to obtain new proposals. The RFP does not obligate the Foundation to accept or contract for any expressed or implied services, nor does it obligate the Foundation to pay any costs incurred by respondents in the preparation and submission of a proposal. Each proposal shall be valid and binding for a period of ninety (90) days after the RFP submission due date.

ORAL PRESENTATIONS:

Firms deemed most qualified, after initial evaluation, may be asked to make oral presentations by the evaluation committee. Such presentations will be at the firms' expense. The scheduled date for presentations is February 12, 2019.

AWARD OF CONTRACT:

As described within the RFP, an Evaluation Committee will review and score proposals submitted and make a recommendation for award. The bid selected will be that which is found most advantageous to the Foundation. A contract must be completed and signed by all parties concerned. In the event the parties are unable to enter into a contract, the Foundation may elect to cancel the award and enter into negotiations with the next ranking bidder.

SECTION 2: BACKGROUND, OVERVIEW AND GOALS

ORGANIZATION:

The Tallahassee Community College Foundation was established in 1981 to receive and solicit charitable gifts for Tallahassee Community College. Since that time, the Foundation has grown considerably in membership and assets while remaining faithful to its original philosophy and purpose. The Foundation supports Tallahassee Community College by improving the educational opportunities of students and enhancing programs while adding value to the community.

The Tallahassee Community College Foundation is governed by a Board of Directors comprised of community leaders who volunteer their time and talents to help ensure the organization achieves its mission. The Foundation is active in raising substantial gifts to provide scholarships, support academic programs and capital expansion. The organization's leadership work closely with the College President to help address the institution's advancement priorities. The Foundation serves as a charitable non-profit organization under Internal Revenue Code 501(c)3 designation, and retains fiduciary responsibility for the investment of the funds entrusted to it. More information about the Foundation, can be found at: <http://www.tcc.fl.edu/foundation>.

ASSETS TO BE MANAGED:

The Foundation employs a total return policy for two funds that are currently valued at approximately \$15 million through two funds. The first is a permanently restricted endowed fund of \$12.5 million and a non-endowed fund of approximately \$2 million. The Board of Directors has adopted a spendable rate of 4% of the investments' fund balance averaged over five fiscal years ending March 31st. The investment pool represents funds intended to support long-term goals of the Foundation. Investment Managers are requested to base their proposals on providing long term investment returns in excess of the endowment spending rate.

AUTHORITY AND RELATIONSHIP:

The expectation is to establish a long-term relationship with the investment management firm elected as part of this process, subject to periodic re-bid as stated in Foundation policy.

SECTION 3: SCOPE OF SERVICES

1. Investment managers will invest funds in accordance with the Foundations investment policy statement.
2. Investment managers will provide custom benchmarks to assess investment performance.
3. Investment managers will provide monthly electronic statements by the 10th day of the following month.
4. Investment managers are required to attend and present during bi-monthly Finance Committee meetings, and Foundation Board meetings as requested.
5. Investment managers will provide education and training to Board members and staff on investment topics as requested.
6. All pertinent changes in personnel of the investment firm as they relate to portfolio accounts should be reported as they occur.

SECTION 4: REQUIRED PROPOSAL INFORMATION

Proposals shall specifically address and include the following information:

- A. Company Information
 1. Year organized
 2. Number of clients and type of clientele (defined by industry and size of portfolio)
 3. Number of investment related staff
 4. Assets under management
 5. Institution's current credit rating by rating agency
 6. Location of corporate headquarters
 7. Related organizations
 8. List of any current litigation or regulatory actions against the firm
- B. Qualifications
 1. Resumes of principals and professional staff responsible for the account
 2. Number of years of experience in investment management
 3. Describe investment philosophy
 4. Describe customer service philosophy
 5. Include a list of your non-profit clients, specifically college and university foundations and endowments
 6. Include three (3) specific references that we may contact (clients most similar to community college foundation in type and size and similar services requested)

7. Include number of advisors in the investment office, indicate if the advisors are registered as "CFA" Chartered Financial Analyst
- C. Reporting, Portfolio Evaluation and Review of Accounts
1. Frequency of reporting to clients;
 2. Format of reports (include sample reports in proposal submission, label as Exhibit A, not included in 20 page limit)
 3. Frequency of portfolio evaluation.
- D. Recommended Asset Allocation
1. Recommended asset allocation and estimated annual rate of return for one, three, five, and ten years based on past performance
 2. Include an analysis of the efficient frontier
 - The combinations of securities portfolios that maximize expected return for any level of expected risk, or that minimized expected risk for any level of expected return for the recommended asset allocation and a discussion of the risk/reward spectrum for the recommendation.
 3. For the investments included in the recommended portfolio, provide a current (December 31, 2017), one, three, five and ten year annual return
 4. Provide investment performance of the colleges and endowments under your management for the last one, three, five, and ten years
- E. Insurance
1. Provide a list of applicable insurance coverage and include relevant coverage limits
 2. Provide the name of the primary insurance carrier and related AM Best Rating
- F. Research and Investment Decisions
1. Provide internal and external research methods and resources
 2. Include processes for investment decision making process (committee, portfolio manager, external investment managers, etc.)
- G. Fees
1. Indicate all fees for services and any investment fees that will be passed down; each service should be listed separately and a total cost provided for all services
 2. Include a breakdown of the initial and ongoing consulting fees and the custodial and management fees as a percentage of the dollar value of the assets
 3. Include the frequency in which fees will be evaluated and the amount of any expected increases
- H. Other Services
1. Additional or alternative services that you are capable of providing that may be of benefit to the Foundation

2. Include your experience in providing such services.

SECTION 5: EVALUATION CRITERIA

The Evaluation Committee will select a firm based on evaluation of proposals in accordance with the responses received to the criteria outlined below.

Qualified bidders must meet the following criteria:

1. Meet all specifications within the RFP or clearly indicate where your proposal deviates.
2. Show experience advising and reporting to similar sized non-profit organizations on the prudent management and oversight of endowment funds.
3. The firm and all engaged personnel shall have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP.

Following is the evaluation areas that will be used:

- Investment Philosophy
- Portfolio Construction Process Monitoring Investment Strategy
- Experience with similar non-profit institutions
- Quality of existing client relationships and industry references
- Ability to communicate effectively
- Reporting information

The Foundation reserves the right to be the sole judge as to the overall acceptability of any proposal, or to judge the individual merits of specific provisions within competing offers; and its decision will be final. If oral presentations are requested by the Committee they will be scheduled on February 12, 2019.

The Foundation Board of Directors will have the final authority to approve the selection of an investment management firm. The contract will be awarded to the firm based on, but not limited to, the evaluation criteria listed in Section 5 and other factors that may be presented in the proposal and/or interviews.

ATTACHMENTS:

1. Investment Policy
2. Composite Performance Review



INVESTMENT POLICY SECTION 600

Policy 601

Revision to Statement of Investment Policy, Objectives, and constraints of the entire Tallahassee Community College Foundation, established February 29, 2000

- Adopted by Foundation Board 9/21/06
- Revised & Board approved 12/11/2008
- Revised & Board approved 4/26/2012
- Revised & Board approved 08/16/18

Scope of This Investment Policy

This statement of investment policy reflects the investment policy, objectives, and constraints of the entire Tallahassee Community College Foundation.

Purpose of This Investment Policy Statement

This statement of investment policy is set forth by the Finance and Investment Committee, under the direction of the Board of Directors of the Tallahassee Community College Foundation in order to:

- Define and assign the responsibilities of all involved parties.
- Establish a clear understanding for all involved parties of the investment policies and objectives which the Fund judges to be appropriate and prudent to implement its strategic planning for the investment of Fund assets.
- Offer guidance and limitations to all Investment Managers regarding the investment of Fund assets.
- Establish a basis for evaluating investment results.
- Manage Fund assets according to prudent standards as established in common trust law.
- Establish the relevant investment horizon for which the Fund assets will be managed.
- Provide accounting and reporting guidelines for the purposes of measuring the performance of the investment manager(s).

In general, the purpose of this statement is to outline a philosophy and attitude that will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. This Statement is not intended to remain static. The Fund and its Investment Advisor will periodically review the Statement and update it as necessary. Recommendations for its modification from the investment manager are expected where investment conditions so warrant.

Delegation of Authority

The Finance and Investment Committee, under the direction of the Board of Directors of the Tallahassee Community College Foundation, is a fiduciary and is responsible for directing and monitoring the investment management of Fund assets. As such, the Finance and Investment Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

- Investment Management Advisor. The Advisor may assist the Finance and Investment Committee in: establishing investment policy, objectives and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; performing asset allocation studies; and other tasks as deemed appropriate.



- Investment Manager. The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund’s investment objectives. The investment managers shall agree to these objectives and policy as well as their respective manager specific guidelines understanding that they shall retain full discretion within these policy limits and within the requirement of applicable federal and state laws.
- Custodian. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased or sold, as well as movement of assets into and out of the Fund accounts. The Fund may also invest in commingled funds as deemed appropriate which will not require a custody arrangement.

Additional specialists such as attorneys, auditors, and others may be employed by the Finance and Investment Committee to assist in meeting its responsibilities and obligations to prudently administer Fund assets.

Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications that they deem appropriate. If such experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the Fund as deemed appropriate and necessary.

Definitions

- “Endowed Fund” shall mean the Tallahassee Community College Foundation endowed financial assets, consisting of permanently restricted funds.
- “Non-Endowed Fund” shall mean the Tallahassee Community College Foundation non-endowed financial assets, consisting of temporarily restricted and unrestricted funds.
- “Fund” shall mean and be applicable to both Endowed and Non-Endowed assets.
- “Finance and Investment Committee” shall refer to the governing board established to administer the Fund.
- “Fiduciary” shall mean any individual or group of individuals that exercise discretionary authority or control over funds management or any authority or control over management, disposition or administration of the Fund assets.
- “Investment Manager” shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Fund assets.
- “Securities” shall refer to the marketable investment securities that are defined as acceptable in this statement.
- “Investment Horizon” shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for this Fund is a complete market cycle (generally three (3) to five (5) years).



Assignment of Responsibility

Responsibility of the Finance and Investment Committee of the TCC Foundation

The Finance and Investment Committee is charged with the responsibility for the management of the assets of the Fund. The Finance and Investment Committee shall discharge its duties solely in the interests of the Fund, “with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent investor, acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims and by diversifying the investments of the Fund so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so.” The specific responsibilities of the Finance and Investment Committee relating to the investment management of Fund assets include:

1. Projecting the Fund’s financial needs, and communicating such needs to the Investment Advisor on a timely basis.
2. Establishing reasonable and consistent investment objectives, policies and guidelines, which will direct the investment of the Fund’s assets.
3. Prudently and diligently selecting qualified investment professionals, including, Investment Advisor (s) and Custodian(s).
4. Regularly evaluating the performance of the Investment Advisor (s) to assure adherence to policy guidelines and monitor investment objective progress.
5. Reporting quarterly to the Board of Directors on the investment performance and financial condition of the Fund.

Responsibility of the Investment Advisor (s)

The Investment Advisor’s role is that of a discretionary advisor to the Finance and Investment Committee of the Tallahassee Community College Foundation. Investment advice concerning the investment management of Fund assets will be offered by the Investment Advisor, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Advisor include:

1. Assisting in the development and periodic review of investment policy.
2. Conducting investment manager searches when necessary to meet the objectives of the funds.
3. Providing “due diligence”, or research, on the Investment Manager(s).
4. Monitoring the performance of the Investment Manager(s) to provide the Finance and Investment Committee with the ability to determine the progress toward the investment objectives.
5. Communicating matters of policy, manager research, and manager performance to the Finance and Investment Committee at the request of the Finance & Investment Committee.
6. Reviewing Fund investment history, historical capital markets performance and the contents of this investment policy statement to any newly appointed members of the Finance and Investment Committee.
7. Develop a formal asset allocation model consistent with the objectives in this statement

Responsibility of the Investment Manager(s)

Each Investment Manager, as selected by the Investment Advisor, must acknowledge in writing its acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions



for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities
2. Reporting, on a timely basis, quarterly investment performance results.
3. Communicating any major changes in economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective process of the Fund's investment management.
4. Informing the Investment Advisor regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

General Investment Principles

Investments shall be made solely in the interest of the beneficiaries of the Fund.

The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims and by diversifying the investments of the Fund so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so.

The Finance and Investment Committee may employ one or more Investment Advisors of varying styles and philosophies to attain the Fund's objectives.

Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity and return.

Investment Manager Policy

Preservation of Capital – Consistent with their respective styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.

Risk Aversion – Understanding that risk is present in all types of securities and investment styles, the Finance and Investment Committee recognizes that some risk is necessary to produce desired investment results that are sufficient to meet the Fund's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

Adherence to Investment Discipline – Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

Goal of Fund(s)

- Endowed Fund – The Finance and Investment Committee finds that allocations to the Endowed Fund should be made with the philosophy that this Fund is to exist in perpetuity and therefore should provide for grants funding in perpetuity. To attain this goal, the overriding objective of this fund is to maintain



purchasing power. The Endowed Fund's specific investment objectives will be established later in this document.

- Non-Endowed Fund - The goal of the Non-Endowed Fund is stabilization of principal with minimal investment risk and increasing investment income.

Attitude Towards Endowed Gifts

Future giving to the Endowed Fund is expected to be inconsistent and, therefore, unpredictable. As a result, the Finance and Investment Committee has set an investment strategy with the objective of maintaining purchasing power of Endowed Fund assets before consideration of gifts. Accordingly, future giving will serve to increase purchasing power.

Spending Policy

- Endowed Funds - The Finance and Investment Committee annually determine the next fiscal year spending policy for the Endowed Fund. Spending policy shall be determined by, but not limited to, past performance, examination of current fiscal year performance and future fiscal year forecasts. Current practice is to calculate spending for the next fiscal year as 4% of the 5-year moving average as of December 31st of each year for each endowment as recommended by the Finance & Investment Committee and approved by the TCC Foundation Board of Directors. An award can be made based on the calculation as long as total assets are not below corpus and/or calculated spending will not reduce total assets below corpus.
- Non-Endowed Funds - Spending of Non-Endowed funds shall be in accordance with the wishes of the donor, the donor agreement and/or the policies of the Foundation.

Social Responsibility

With regard to socially responsible investing, the Finance and Investment Committee reserves the right to avoid companies which they find harm society in one or more ways. This investment process does not require any changes to an investment manager's investment process other than that it, in effect, may reduce the universe of securities in which to invest by screening companies for socially undesirable characteristics. Issues of socially responsible investing will be reviewed periodically by the Finance and Investment Committee.

Expectations of Social Investing

The Finance and Investment Committee believes that, in the long-term, the socially responsible investment process implemented by the Fund will not present a trade-off of risk or return as compared to the market.

The objectives of the Non-Endowed fund shall be stabilization of principal with dividend and interest income, so that the principal value of funds contributed by donors will be readily available for the gifting process.



Specific Investment Goals

The Endowed Fund has long-term performance expectations as follows:

1. CPI + 5.5%

Recognizing that inflation is a primary driving force behind future benefit needs of Fund participants, it is important that performance be measured relative to the rate of inflation. Over a period of one complete market cycle¹ or 5 years, whichever is longer, the total Fund expects to achieve a minimum annual investment performance goal of 5.5% over the Consumer Price Index.

2. Over a complete market cycle (generally 3-5 years) the Endowed Fund performance has a goal of outperforming a weighted portfolio comprised of a mix based on the prescribed mix of the Fund's assets.

The Non- Endowed Fund has long-term performance expectations as follows:

2. CPI + 2%

Recognizing that inflation is a primary driving force behind future benefit needs of Fund participants, it is important that performance be measured relative to the rate of inflation. Over a period of one complete market cycle¹ or 5 years, whichever is longer, the total Fund expects to achieve a minimum annual investment performance goal of 2% over the Consumer Price Index.

2. Over a complete market cycle (generally 3-5 years) the Non-Endowed Fund performance has a goal of outperforming a weighted portfolio comprised of a mix of: 100% Barclays Capital Aggregate Bond Index.

¹Market cycles include both a rising and declining leg. A rising leg is defined as a period of at least two consecutive quarters of rising stock prices. A declining leg is defined as a period of at least two consecutive quarters of declining stock prices. Typically, market cycles are from 3 to 5 years in duration.



FUND INVESTMENT POLICIES

Asset Allocation and Investment Manager Structure

It is not the intention of the Fund to become involved in day-to-day investment decisions. Therefore, the Fund has appointed the Investment Advisor to select investment manager(s) to manage (including the power to acquire, or dispose of) assets within the portion of the total Fund allocated to the particular investment manager, in a manner consistent with this Statement.

In order to provide an appropriate level of diversification for the Fund, investment manager(s) with complementary or diverse investment styles will be retained. Each manager will be required to sign and acknowledge these objectives and policies as well as guidelines specific to their investment style.

Asset Deployment Policy for the Endowed Fund

The guidelines that the Fund has adopted for the overall allocation of the Fund's assets are as follows:

Asset allocation*	Lower limit	Target	Upper limit
U.S. Equity			
Large Cap	23%	34%	43%
Mid Cap	10	12	20
Small	10	12	20
International Equity			
Emerging Markets	5	10	15
Developed Markets	5	15	20
Real Assets	5	10	15
Cash	0	5	10

**Based on market value*

Rebalancing Guidelines

It is the Funds' responsibility, with advice from the Investment Advisor, to monitor the asset allocation within the parameters described above. They will do so by giving specific instructions as to the range of allowable asset classifications to individual investment manager(s) and by monitoring the asset classifications actually held by manager(s). Because markets do not move in concert, actual allocations will deviate from the targets. The Fund may rebalance the portfolio when allocations are no longer within the prescribed limits or when they deem it to be otherwise appropriate. It is expected that barring unforeseen circumstances, the overall asset allocation will fall within the stated ranges; however should the asset allocation fall outside the stated range and the Fund deem adjustment necessary, such rebalancing will be accomplished within a period of 6 months. The Investment Advisor shall notify the Fund when rebalancing may be appropriate.

Performance Measurement

The performance expectations of the Fund are hereby communicated to the investment manager(s) in their respective "Manager Specific Guidelines". These will include comparison to benchmark returns and standard deviations as well as agreed upon universe comparisons. Performance is expected to be evaluated quarterly to test progress towards attainment of longer term goals. It is understood that there are likely to be short term periods during which performance deviates from market indices. During such times, greater emphasis may be placed on performance comparisons with manager(s) employing similar styles.



PORTFOLIO INVESTMENT POLICIES

General

The Fund has sole discretion to select investment manager(s) and replace them when the Fund, in its discretion, deems it advisable.

The Investment Advisor shall regularly review each investment manager's performance and will attempt to meet with each manager at least annually to review the investments, returns, changes in staff, market environment, and any other items which the Fund determines to be appropriate.

Each investment manager(s) appointed by the Fund to execute the policy will invest plan assets in accordance with the policy and their judgments concerning relative investment values. In particular, the investment manager(s) will be accorded full discretion, within policy limits, and within the requirements of applicable laws, to (1) select, purchase, and invest in, individual securities; (2) make periodic adjustments to the proportions of equity securities, fixed-income securities and cash equivalents; and (3) diversify plan assets. Each investment manager is prohibited from entering into any transactions for the Fund which are not authorized by this Policy or their specific guidelines, without the consent of the Fund.

Volatility of Returns

The Finance and Investment Committee understands that in order to achieve its objectives for Endowed Fund assets, the Endowed Fund will experience volatility of returns and fluctuations of market value. Therefore, the Finance and Investment Committee supports an investment strategy that minimizes the probability of losses. However, it realizes that the Endowed Fund's return objective is long term to maximize the total rate of return subject to the preservation of capital.

Liquidity

To minimize that possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Finance and Investment Committee will periodically provide an estimate of expected net cash flow. The Finance and Investment Committee will notify the Investment Advisor in a timely basis on the need for funds.

Investment Manager Performance and Evaluation

Performance reports generated by the Investment Advisor shall be compiled at least quarterly and communicated to the Finance and Investment Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks and peer performance of managers of similar investment styles and philosophies. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Finance and Investment Committee intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

- Investment performance significantly less than anticipated, given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
- Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
- Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Tallahassee Community College Foundation

Composite Performance Review

Report for Periods Ending September 30, 2018

	Qtr	YTD	1Yr	3Yr	5Yr	7Yr	Annualized	Since 4/10
Total Composite	2.4%	1.0%	5.2%	9.7%	5.4%	8.6%		6.9%
Balanced Index ¹	3.5	5.4	10.2	12.7	9.5	12.1		10.1
Target Weighted Benchmark ²	3.4	3.7	9.0	11.9	8.2	11.3		9.4
CPI + 5.5%	1.7	5.6	7.6	7.5	7.0	7.1		7.3

Footnotes:

¹ Balanced Index is currently comprised of: 36.0% S&P 500 Index, 12.0% Russell Midcap Index, 12.0% Russell 2000 Index, 15.0% MSCI EAFE Index, 10.0% MSCI Emerging Markets Index, 5.0% U.S. 91-Day Treasury Bills, 3.3% Alerian MLP Index, 3.3% Bloomberg Commodity Index, and 3.4% FTSE NAREIT All Equity Index. Please see Appendix for benchmark history.

² Target Weighted Benchmark is currently comprised of: 5.0% Thomson One All Private Capital Index, 75.0% MSCI AC World Index, 10.0% HFRI Equity Hedge Index, 3.3% Alerian MLP Index, 3.3% Bloomberg Commodity Index, and 3.3% FTSE NAREIT All Equity Index. Please see Appendix for benchmark history.

