

WSRE TV FOUNDATION, INC.

INVESTMENT POLICY

I. THE WSRE TV FOUNDATION, INC.

WSRE TV Foundation was chartered in 1990 as a Florida corporation not-for-profit. The Foundation was formed to raise funds and otherwise support the activities, operations and capital needs for WSRE-TV, a public telecommunications station licensed to the District Board of Trustees of Pensacola State College (PSC). The Foundation maintains current status as a direct-support organization of PSC in accordance with Florida statutes and is incorporated as a Florida Not-For-Profit entity and has obtained status as a 501(c)(3) tax exempt organization for federal taxation purposes

The Board of Directors of the Foundation oversees the management of the Foundation's assets. The business of the Foundation is administered by the Executive Director and Treasurer of the Foundation at the Board's direction.

II. THE INVESTMENT COMMITTEE

The Board of Directors of the Foundation has constituted an Investment Committee pursuant to Article IV, Section 1 of the Bylaws, empowered to review, recommend, and make investments and reinvestment in accordance with this Investment Policy of the WSRE Foundation. The Finance Committee, or a designated subcommittee, will act as the Investment Committee. The committee may be expanded to include other finance professionals as deemed appropriate. The WSRE Executive Director will serve as an ex-officio member of the Finance/Investment committee.

Accepting this responsibility, the Investment Committee has adopted these investment management guidelines. The guidelines apply to all funds held by the Foundation. Within these guidelines, management flexibility is exercised by the Investment Committee as authorized by the By-Laws of the WSRE TV Foundation, Inc. The committee will, upon establishment of the investment policies, evaluate them biennially and update them as appropriate.

III. INVESTMENT GOALS AND GENERAL GUIDELINES

The Foundation's assets shall be invested to assure the preservation of capital, provide a reasonable rate of return, and to provide liquidity and growth of assets to meet operational and capital needs of WSRE-TV. The investment objective is to preserve the purchasing power of the Foundation's Endowment Fund, while providing appropriate levels of funding for the Station's programs, activities and capital needs that are supported by the Foundation. Foundation funds should be conservatively invested to

produce a reasonable total return consistent with prudent risk limits, while maintaining sufficient liquidity for potential station operations, if needed. Total return includes interest, dividends, realized and unrealized capital appreciation less all management costs.

IV. SCOPE OF POLICY

This policy governs all cash/investable funds held by the WSRE TV Foundation. These funds are classified within two categories: Operating and Endowment. Separate policies, objectives and constraints for each are included in this general policy.

V. OPERATING FUNDS

Operating funds may consist of operating revenue, grants and restricted gifts that support the operations and capital requirements of WSRE TV. Short term investments of cash so classified may include, but are not limited to, overnight repurchase agreements, SBA Local Government Investment Pool, Money Market funds and bank-insured certificates of deposit.

All non-cash gifts (stock, real estate, other tangible property) with a fair market value in excess of \$10,000 subject to the Foundation's Gift Acceptance policy, will be included for review by the Investment Committee under the guidelines of this policy.

The Investment Committee will review asset mix at least semi-annually to make certain that the optimal balance among asset classes is maintained for the current market conditions and the operational needs of the Station.

VI. ENDOWMENT FUND

Funds designated by the WSRE TV Foundation Board of Directors ("Foundation Endowment"), together with any other specifically designated donor-directed Endowments, will be evaluated for investment under this section. To that end, the overriding objective of this Endowment Fund is to preserve purchasing power and grow the aggregate portfolio value at the rate of inflation plus an appropriate return as defined in this policy. The appropriate investment vehicles and asset allocation/mix guidelines for these funds will be established by the Investment Committee in this policy. The Committee will determine the relevant investment horizon for investment, and will recommend placement of funds with outside Investment Managers, as appropriate.

A. CASH FLOW EXPECTATIONS

It is anticipated that the investment horizon for these funds will be long-term, however, circumstances may dictate a shorter-term horizon if station liquidity needs dictate. Economic conditions and circumstances will be reviewed

quarterly by the Committee in order to ensure funds are positioned appropriately. At such time that sufficient corpus levels are reached, or when a modification of the investment horizon is deemed prudent by the Committee, recommendations for an appropriate revision to this policy may be made to provide for distributions from accumulated and current earnings to support the operations and capital needs of WSRE TV.

B. GENERAL INVESTMENT PRINCIPLES

1. Investments will be made solely in the interest of the beneficiaries of the Endowment.
2. Investments will be invested with the skill, care, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with such matters would use in the investment of a fund of like character and with like objectives.
3. The Board of Directors may employ one or more investment manager(s) of varying styles and philosophies to attain the Endowment Fund's objectives.
4. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity and return.

C. INVESTMENT MANAGEMENT POLICY

1. **Preservation of Capital** – Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve endowment capital, understanding that losses may occur in individual securities.
2. **Risk Aversion** – Understanding that risk is present in all types of securities and investment styles, the Board of Directors recognizes that some risk is necessary to produce long-term 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 as set forth under this policy. Managers will report the current risk position as part of their regular reports to the Board, in conformity with guidelines established under GASB 40.
3. **Adherence to Investment Discipline** – Investment managers are expected to adhere to the investment management styles for which they were engaged. Managers will be evaluated regularly for adherence to investment discipline.

D. INVESTMENT OBJECTIVES

The overriding strategy of the WSRE TV Foundation is to emphasize preservation of endowment capital with an appropriate level of total return – the aggregate return from capital appreciation and dividend/interest income. Investments will

be diversified to minimize adverse effects of being dependent on one or two asset categories, as detailed below:

	<u>Range</u>	<u>Target</u>
Equities	25 – 60%	50%
Fixed income	35 – 75%	45%
Cash	0 – 25%	5%

This asset mix should be recognized as a model and as such, the cash funds position could be increased based upon changing economic conditions. The Foundation’s cash position will be evaluated with priority to funding current and intermediate-term operational and capital needs. Short term investments of cash may include overnight repurchase agreements, SBA Local Government Investment Pool, Money Market funds and bank-insured certificates of deposit.

All non-cash gifts (stock, real estate, other tangible property) with a fair market value in excess of \$10,000 subject to the Foundation’s Gift Acceptance policy, will be included for review by the Investment Committee under the guidelines of this policy.

The Investment Committee will review asset mix with the investment manager quarterly to make certain that the optimal balance among asset classes is maintained for the current market conditions and the operational needs of the Station.

E. INVESTMENT MANAGERS

The Investment Committee may allocate funds to investment managers or choose individual mutual funds and various fixed income instruments. Managers are responsible for meeting total return objectives and maintaining frequent and open communication with the Investment Committee on a quarterly basis. Objective evaluations of managers or mutual funds will be conducted routinely by the Investment Committee, but at least annually. Costs for an investment manager should be paid from the Fund. Managers will be selected upon recommendation from the Investment and Finance Committees to the Board of Directors based upon the results of a publicly noticed bid solicitation process.

Over the long term, managers will be compared to the appropriate major indices and will be expected to perform well relative to the selected indices, including the following:

Equity:	S & P 500, Russell 1000 Value, Russell 1000 Growth, S&P Mid Cap 400, Russell Mid Cap, Russell 2000, EAFE, MSCI
Fixed Income:	US LB Aggregate Index

Any organization, regardless of their association with WSRE-TV and/or Pensacola State College, can be considered as asset managers, and should conflicts arise, the committee will address them on an individual basis. Currently serving members of the WSRE Foundation Board may not directly bid or personally profit from the management, consulting or investment of the Foundation's assets.

F. DISTRIBUTION OF INCOME

Total return should be allocated in the same percentage as funds invested. Interest earned on the Endowment Fund shall remain in the endowment fund until the funding stipulation as established by the endowment policy is met.

VII. DUTIES AND RESPONSIBILITIES

- A. The full Board of Directors is charged with the ultimate responsibility for the Foundation's assets. As a practical matter, the Board will delegate responsibility for the day-to-day operations of the Foundation to the Executive Director and his/her staff. The Board may also seek advice from outside professionals such as consultants and investment managers.
- B. The Investment Committee shall oversee the implementation of the investment policies. The Committee will make recommendations as to hiring of outside professionals such as consultants and investment managers. The Committee shall report to the board on a semi-annual basis through the Finance Committee the status of the Foundation's assets as well as its investment performance relative to the objectives and policies set by the Board.
- C. The Executive Director shall oversee the day-to-day implementation of the investment policies set forth by the Board.