

COMPREHENSIVE INVESTMENT PLAN STANLEY G. TATE FLORIDA PREPAID COLLEGE FOUNDATION

EFFECTIVE DATE: OCTOBER 1, 2019

OVERVIEW

The Stanley G. Tate Florida Prepaid College Foundation (Foundation) is a 501(c)(3) direct support organization of the Florida Prepaid College Board (Board) and was created pursuant to Section 1009.983, Florida Statutes. The Foundation administers the Florida Prepaid Tuition Scholarship Program, more commonly known as the Stanley G. Tate Project STARS [Scholarship Tuition for At-Risk Students] (Project STARS), which provides economically disadvantaged youth with prepaid postsecondary tuition scholarships, pursuant to Section 1009.984, Florida Statutes. The Board may also establish and administer additional scholarship programs supported from escheated funds, pursuant to Sections 1009.983(8)(b) and 1009.972(5), Florida Statutes.

The Foundation collects and invests income from donations, application fees, and interest income to cover administrative expenses.

All investments made under this Comprehensive Investment Plan (CIP) are made under the authority granted to the Foundation by the Board and Section 1009.983, Florida Statutes.

GOVERNANCE

Section 1009.983(5), Florida Statutes, establishes the Board of Directors of the Foundation.

The Foundation has established this CIP, subject to approval by the Board. The CIP for the Foundation specifies the investment policies to be used in its administration of the Foundation's programs.

CONTRACTUAL RELATIONSHIPS

Stanley G. Tate Florida Prepaid College Foundation

The Foundation has the authority and responsibility to:

- Establish and maintain the CIP for the Foundation in accordance with state and federal law.
- Approve investment managers, in accordance with the CIP.
- Request the Florida Prepaid College Board to solicit proposals, to contract or subcontract, or to amend contractual service agreements for the benefit of the Foundation.
- Review the investment options and fees on a periodic basis.
- Review periodically the performance of investment managers/investment options.
- Ensure that investment policies are strictly followed and that investment procedures are in place and properly followed.
- Utilize the services of a professional investment consultant for advice in the pursuit of investment objectives.

Florida Prepaid College Board

The Board has the authority and responsibility to:

- Approve the CIP, and any changes thereto, for the Foundation.
- Respond to requests from the Foundation made in accordance with the provisions of the CIP.

- Solicit proposals, to contract or subcontract or to amend contractual service agreements of the Florida Prepaid College Board for the benefit of the Foundation.
- Offer a rate of return utilized by the Board in relation to the Prepaid Program for assets invested with the Board.

Investment Consultant

The Investment Consultant, if applicable, shall review the performance of any Investment Managers and advise the Foundation on investment management, performance matters, portfolio design and structure, asset allocation issues, and investment policy, including the contents of this CIP and the Investment Guidelines.

Trustee

The Board's Trustee is responsible for the safekeeping of Foundation assets invested in the Liability Driven Investment strategy utilized by the Prepaid Program.

For Foundation assets invested in commingled investment funds, the Board's Trustee is responsible for the recordkeeping and transacting of the assets.

Assets in the bank account or money market fund do not require Trustee services.

Investment Managers

Investment managers are responsible for following the provisions of this CIP. However, notwithstanding any provisions to the contrary, with regard to commingled/mutual funds the specific duties and responsibilities of each investment manager are to manage the assets under their supervision in accordance with the guidelines and objectives outlined in their respective prospectuses, participation agreements or other governing documents (e.g., Investment Management Agreement).

The Board will hire duly qualified Investment Managers to carry out the daily investment responsibilities. Investment Managers will have investment discretion as to security selection within the requirements expressed in the CIP and Investment Guidelines.

The Investment Managers shall invest Foundation assets with care, skill, prudence, and diligence. The Investment Manager shall evidence superior performance while maintaining strict compliance with all applicable provisions of the CIP and Investment Guidelines.

Pursuant to Section 1009.971(5)(d), Florida Statutes, the Investment Manager shall:

- Be limited to authorized insurers as defined in Section 624.09, banks as defined in Section 658.12, associations as defined in Section 665.012, authorized Securities and Exchange Commission investment advisers, and investment companies as defined in the Investment Company Act of 1940.
- Have their principal place of business and corporate charter located and registered in the United States.

CONFLICTS OF INTEREST

The Board, Executive Director, Foundation, its designees, and any service provider operating on behalf of the Foundation or Board has a duty and obligation to disclose conflicts of interest. The Foundation shall require timely and sufficient disclosure of conflicts of interest that may exist between the Board, Foundation, service providers, potential service providers, investments, potential investments, and other entities or transactions.

The Investment Consultant, Investment Managers, and the Trustee shall annually certify that no conflicts of interest exist relative to the services provided for the Foundation.

INVESTMENT OBJECTIVE AND STRATEGY

The principal objective of the Foundation is to give aspiring students the opportunity to build a better future for themselves and our state by providing college scholarships funded through partnerships with individuals, businesses, educational foundations, and the Florida Legislature. The investment objective is to maximize earnings on investments within appropriate risk levels.

The CIP has been structured in a way that allows flexibility in meeting potentially diverse investment needs of the Foundation's various funding sources and scholarship programs. As a result, the investment strategy for the Foundation is to provide a range of investment options that can meet these diverse investment needs.

The Foundation establishes, and the Board approves, the investment options for the Foundation.

INVESTMENT GOALS

To support the investment objective, the Foundation has established the following investment goals, listed in order of priority.

Safety

The primary investment priority is to minimize loss of principal.

Liquidity

Program investments must provide adequate liquidity for the Foundation to purchase scholarships during funding cycles.

Yield

After meeting safety and liquidity requirements, the Foundation aims to maximize investment returns within appropriate levels of risk.

COMPREHENSIVE INVESTMENT PLAN

The CIP provides the investment policies for all funds maintained by the Foundation. Typically, these funds are used for administration of Project STARS and other scholarship programs. Investment policies included in the CIP provide direction intended to set the framework for the investment options. This CIP is subject to approval by the Board.

INVESTMENT GUIDELINES

Investment Guidelines are intended to set forth the specific investment strategies, limitations and targets necessary to implement the CIP. Investment Guidelines are subject to approval by the Board.

AUTHORIZED INVESTMENTS

Cash or Cash Equivalent

- Interest earning bank account
- 2a7 (actual or like) money market funds

Commingled Investment Funds

- Commingled investment funds and mutual funds which are primarily invested in investment vehicles for the approved investment option's benchmark

Liability Driven Investment strategy utilized by the Prepaid Program

- Duration weighted discount rate utilized for the liabilities of the Prepaid Program

Investment options, benchmarks, objectives and target allocations are set forth in the Investment Guidelines.

INVESTMENT MANAGERS

The Board may hire one or more Investment Managers for each investment option. Investment Managers will be selected as a result of a competitive procurement process as required by Section 287, Florida Statutes. Selection will be based on best value to the Foundation. Evaluation areas for best value shall include, but not be limited to, experience, strategy, performance, and fees. The authority of an Investment Manager is limited to the specified investment option(s).

PERFORMANCE MEASUREMENT

Performance requirements are set forth in the Investment Guidelines.

REPORTING

The Executive Director shall create, or cause to be created, quarterly reports of investment matters including, but not limited to, investment management, investment performance, asset allocation, and rebalancing.

INVESTMENT GUIDELINES STANLEY G. TATE FLORIDA PREPAID COLLEGE FOUNDATION

Effective Date: October 1, 2019

OVERVIEW

The Stanley G. Tate Florida Prepaid College Foundation (Foundation) has established the following Investment Guidelines, subject to approval by the Florida Prepaid College Board (Board), to support implementation of the objective and strategy set forth in the Comprehensive Investment Plan (CIP) for the Foundation.

INVESTMENT OPTIONS AND BENCHMARKS

To meet the Foundation's investment strategy of providing a sufficient range of investment options for participants, with various investment knowledge and risk, return, and cost objectives, to accumulate savings, the Foundation has selected the following investment options and related benchmarks:

Investment Option	Benchmark
Interest Earning Bank Account	Rate Set by Contract
Money Market	3-Month Treasury Bill
Prepaid Program's LDI Strategy	Rate determined by the Board's Actuary

ASSET ALLOCATION TARGETS

The Foundation establishes target allocation ranges for the investment options. The actual allocations may fluctuate within the allowable ranges.

The target allocation ranges are as follows:

Investment Option	Target
Interest Earning Bank Account/Money Market	Amount anticipated to pay current operating expenses
Prepaid Program's LDI Strategy	Amount anticipated to be used to purchase scholarships

PERFORMANCE EXPECTATION AND MONITORING

Investment Manager performance will be evaluated using the following metrics:

Interest Earning Bank Account:

- Performance shall equal the contracted bank rate.

Money Market Type Funds:

- Performance, net of fees, shall exceed the applicable benchmark for the rolling 1 year period.

Prepaid Program:

- Performance shall equal the actuarial calculated discount rate.

Passive Fixed Income and Equity Mutual Funds:

- Performance, gross of fees, shall meet the applicable benchmark for the rolling 3 and 5 year periods

Active Fixed Income and Equity Mutual Funds:

- Performance, net of fees, shall exceed the applicable benchmark for the rolling 3 and 5 year periods
- Performance shall rank at or above the median when compared to a universe of peers managing similar portfolios for the 3 and 5 year periods.

Several non-performance factors may prompt the Foundation or Board to re-evaluate a manager's retention. Any of the following may warrant immediate termination or further review:

- Significant changes in firm ownership and/or structure
- Loss of one or more key personnel
- Significant loss of clients and/or assets under management
- Shifts in the firm's philosophy or process
- Significant and persistent lack of responsiveness to client requests

If an Investment Manager fails to meet any of these performance objectives, the Investment Consultant will review the situation and make a recommendation as to any action the Foundation and Board should take. Investment Managers serve at the pleasure of the Board and may be terminated or have their funds reduced at the Foundation's discretion due to any qualitative or quantitative factor listed or not listed above.

Additionally, the Board may terminate any investment manager or investment option available to the Foundation at any time.