

**University of Florida Foundation, Inc.  
Investments**

Policy #: 5.25  
Effective Date: October 1, 2010  
Responsible Department: Administration

1. **PURPOSE**

To ensure fiduciarily responsible oversight of the investment of UFF assets.

2. **APPLICABILITY**

All invested assets of UFF.

3. **POLICY**

Introduction

The UFF Board of Directors has engaged the services of the University of Florida Investment Corporation, Inc. (UFICO) as investment advisor for UFF's invested assets. UFF and UFICO are direct support organizations of the University.

UFICO was created by the Board of Trustees of the University to manage assets held by the University and its related entities. UFICO is managed by an independent volunteer board of directors. UFF is also overseen by a volunteer board of directors.

Management Agreement with UFICO

UFF has entered into an investment management agreement with UFICO. In summary, UFICO will supervise and direct the investments in accordance with the investment goals and restrictions approved by UFF. UFICO shall submit to UFF monthly, quarterly, and annual reports containing the market valuation of UFF's portfolio, which shall be received no later than forty-five (45) days following the close of the applicable term. UFF shall pay to UFICO a management fee as set forth in the management agreement.

Responsibilities of the UFF Finance Committee of the Board of Directors

Oversight of UFF investments is the responsibility of the UFF Finance Committee. Responsibilities of the Committee include:

1. Establishing and updating the UFF Investment Policy.

2. Establishing the goals for each of UFF's investment pools, to be reviewed annually.
3. Reviewing and ratifying the asset allocations for each investment pool, as proposed and approved from time to time by UFICO.
4. Reviewing and approving the UFICO management fee and contract.
5. Establishing and reviewing investment performance against goals and benchmarks set by the Finance Committee after conferring with UFICO and recognizing that performance goals and risks assumed are related. Performance reports will be received quarterly.
6. Making regular reports to the UFF Board of Directors.

#### Responsibilities of UFF Staff

UFF staff has the following responsibilities:

1. Preparing monthly journal entries for all investment activity and reconciling balances to UFICO and UFICO's custodian prepared reports.
2. Preparing payment of quarterly UFICO management fees.
3. Coordinating with UFICO on the preparation of annual audit and tax return related schedules.
4. Reviewing monthly and quarterly performance figures and sending to Finance Committee.
5. Reviewing the UFICO Annual Financial Statements and Audit Report.
6. Providing support, as required, to the Finance Committee.

#### Investment Goals

The UFF Finance Committee will review and approve the goals for UFF investments annually. The current investment goals for the investment pools are set forth in the attached Schedule A.

#### Assets Not Managed by UFICO

##### Notes receivable:

1. Notes receivable may become part of the Endowment Pool as equity real estate is sold and financed through UFF, or a note receivable is gifted to UFF. This is acceptable as long as the terms are comparable to other similar market transactions and the credit risk is minimal. In some cases, UFF may choose to incur greater risk, if there are not other prospects or there are other mitigating factors.
2. Notes receivable may be purchased for the endowment only when the terms are advantageous (in relation to current market returns and expected long-term returns

on other endowment investments) and the Finance Committee approves the purchases.

3. Notes receivable may be part of any individual (non-pooled) endowment fund under the same circumstances outlined in paragraph 1 above.

Gifts-in-kind and other non-liquid gifts (including restricted or closely-held stock and partnership interests):

1. Gifts-in-kind and other non-liquid gifts are not donated directly into any investment pool, but may become part of a pool under certain circumstances.
  - (a) Such gifts must be reviewed by the UFF internal business team for possible future liability or legal complications, and/or carrying costs.
  - (b) Holding costs, such as taxes, should not be unreasonably high or present cash flow difficulties.
  - (c) Should such gifts require additional administrative or personnel outlays, these costs should be factored into the expected future returns to determine acceptability to UFF.
2. Gifts-in-kind may be held by any individual (non-pooled) fund according to the criteria in paragraph 1 above. The ultimate goal should be to liquidate the asset and place the proceeds in a regular investment pool.

Accounting and Reporting

UFICO will provide monthly, quarterly, and annual market valuation reports to UFF that will facilitate the timely accounting for the investment activity for UFF's portfolio, no later than forty-five (45) days after the close of the applicable period. UFICO will also provide investment schedules for UFF's annual audit and tax return and UFF's retirement plan audit and tax return, as necessary.

UFICO will provide to UFF staff and the UFF Finance Committee monthly, quarterly, and annual performance reports. A representative of UFICO will also attend each UFF Finance Committee meeting to present performance updates, as requested.

All funds invested in by UFICO shall have an annual audit using the fair value method of accounting for investments or another method of accounting acceptable to UFF's management to comply with generally accepted accounting principles for nonprofit organizations and to allow for the audit of UFF's investments by an external auditor. Regardless of the method of accounting for audit purposes, fund managers should have appropriate policies and procedures to determine fair value on a quarterly basis.

Additionally, UFICO shall track the cost basis of all other investments, including hedge funds and private investments.

General Policies

1. Donated securities with proper documentation shall be liquidated immediately to minimize any change in the proceeds from the gift value. Security gifts shall be liquidated by a UFF designated custodian or broker authorized by the Board of Directors. Donors should not direct how the security gift is liquidated.
2. Donor gifts shall be invested in a manner consistent with the general policies of UFF. Donors may not direct that specific investments be made or held or direct that a specific investment manager be used.
3. All funds are to be managed in accordance with the Florida Uniform Prudent Management of Institutional Funds Act, Florida Statutes Section 617.2104.

4. **CLARIFICATION**

Requests for clarification of this policy should be sent to the Controller ([awest@uff.ufl.edu](mailto:awest@uff.ufl.edu)) or the Accounting Coordinator ([jbockman@uff.ufl.edu](mailto:jbockman@uff.ufl.edu)).

Certified as approved by the UFF Board of Directors on: February 26, 2011.



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Susan G. Goffman, Secretary

Revision history: Original version  
Revised February 25, 2009, effective as of July 1, 2008  
Revised June 10, 2009  
Revised February 26, 2011, effective as of October 1, 2010  
Technical revision November 29, 2012, to update statute reference

## Schedule A

### 1. Endowment Pool

The goal of the Endowment Pool is to provide a target net, real total return of 5.3%, annually, while generating an income stream to support the activities of the funds held for the colleges and units of the University of Florida. The Endowment Pool is able to tolerate variability in short and intermediate-term performance given the long time horizon.

### 2. Non-endowed Pool

Non-endowed pool investments are divided into three pools:

Non-endowed No Risk Pool has a short-term time horizon and a very low risk tolerance.

Non-endowed Moderate Investor Pool has a short-term time horizon and a low risk tolerance.

Non-endowed Long-term Investor Pool has a long-term time horizon and a moderate to high risk tolerance.

### 3. Tigert Fund

The goal of the Tigert Fund is to preserve capital while providing modest income and capital appreciation. The Tigert Fund has a relatively short time horizon and low tolerance for risk given the unpredictability of distributions. These funds are invested in the non-endowed moderate investor pool.

### 4. Horizon Fund

The goal of the Horizon Fund is to preserve capital while providing modest income. The Horizon Fund has a relatively short time horizon and a very low tolerance for risk. These funds are invested in the non-endowed no risk pool

### 5. Deferred Giving Pools

The primary investment objective for the Deferred Giving Pools (Gift Annuities, Charitable Remainder Trusts, and Pooled Income Fund) is to earn a net total return, within prudent levels of risk, sufficient to meet distribution requirements and provide for growth of principal.

### 6. Operating Pool

The objective of the Operating Pool is to preserve capital and provide a modest return enhancement over money market funds. The Operating Pool has a very short time horizon and low tolerance for risk.

### 7. Retirement Plan

The objective of the Retirement Plan is to achieve the real rate of return assumed by the actuaries in calculating the actuarial value for accrued pension benefits. The Plan seeks to preserve the value of invested funds, ensure availability of the funds when needed and maximize the investment return at appropriate levels of risk.

**This policy will be reviewed annually by the Finance Committee of the Board of Directors of the Foundation.**