

Florida Section, American Water Resources  
Association

Sanford N. Young Scholarship Fund  
Investment Policy Statement

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## 1) Background

The Sanford N. Young Scholarship Program was created by the Florida Section, AWWRA in 2005 in memory of one of its longest serving members. Sandy Young joined the Florida Section in 1980 and was a member of the Board of Directors for some 20 years until his untimely death in April 2005. Sandy's professional work with Florida's water resources spanned four decades. After serving as a Captain in the US Navy, Sandy returned to Florida and spent the remainder of his career working in the water resources arena. With an educational background in both civil engineering and aquatic biology, and a keen philosophical mind, Sandy's expertise crossed a broad array of disciplines, including interests in scientific investigation, environmental regulation, water quality improvement and aquaculture technology.

This endowed scholarship fund memorializes Sandy by helping students realize their potential as tomorrow's water resource innovators. Scholarships are given to assist undergraduate and graduate students with tuition, educational fees and/or research expenses. Individual scholarships are given in the amount of \$2,000.

## 2) Roles & Responsibilities:

The responsibility for day-to-day management of the Sanford N. Young Scholarship Endowment is vested in the Board of Directors (BOD) through an appointee (**Investment Banker/Broker – TBD**) approved by the BOD. In addition the following roles and responsibilities have been assigned:

- 1) The **Board of Directors** shall
  - (a) oversee and direct the investment and care of the funds of the Sanford N. Young Scholarship Endowment through its designee (**Investment Banker/Broker – TBD**)
  - (b) approve scholarship disbursements
  - (c) designate/authorize a Sanford N. Young Scholarship Committee
- 2) The **Sanford N. Young Scholarship Committee** is responsible for developing recommendations to the BOD in regards to the investment policy and recommending an entity (**Investment Banker/Broker – TBD**) to manage the investments for the endowment
- 3) The **Treasurer** shall
  - (a) insure that complete and auditable records of all receipts and disbursements are kept and maintained
  - (b) provide an update of the endowment and the performance of the investments on a quarterly basis

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**PURPOSE**

The purpose of the Florida Section, AWRA Sanford N. Young Scholarship Fund is to create, over time, the capital to fund a scholarship. It is currently capitalized at \$28K with at least \$4K per year in contributions added. The fund will award scholarships for deserving students pursuing an education in water resources. The corpus of the fund will not be utilized.

**INVESTMENT OBJECTIVES**

The objectives of the account should be pursued as a long-term goal designed to maximize the returns without exposure to undue risk, as defined herein. Whereas it is understood that fluctuating rates of return are characteristic of the securities markets, the greatest concern should be long-term appreciation of the assets and consistency of total portfolio returns. Recognizing that short-term market fluctuations may cause variations in the account performance, the expectation of the account is to achieve the following objectives over a five year period:

1. The account's total expected return will exceed the change in the Consumer Price Index or the increase in the Treasury Bill Index by a minimum of 2%, whichever is greater.
2. The portfolio should be invested to minimize the likelihood of low negative total returns, defined as a one year return worse than negative 5%. It is anticipated that a loss greater than this will occur no more than one out of twenty years.
3. The annual average total return objective for this fund is 8% as measured over the 5 year period.

**Investment Guidelines**

The investment policies and restrictions presented in this statement serve as a framework to achieve the investment objectives at a level of risk deemed acceptable. These policies and restrictions are designed to minimize interfering with efforts to attain overall objectives, and to minimize excluding any appropriate investment opportunities. The policy allows substantial discretion in the asset allocation and diversification of the assets for the purpose of increasing investment returns and /or reducing risk exposure. The BOD's designee (**Investment Banker/Broker - TBD**) has the broad responsibility to shift the commitment of assets among asset classes, industry sectors and individual securities to pursue opportunities presented.

**INTERIM INVESTMENT POLICY**

The investment guidelines presented in the subsequent sections will be employed after the interim investment goal outlined in this section has been achieved. The purpose of this interim investment policy is to employ a no risk investment strategy with the

objective being to build the principal amount of the endowment to a level that will guarantee a minimum return each year sufficient enough to fund at least one scholarship per year.

#### ALLOWABLE INVESTMENTS

As above and including the following:

##### Target Asset Mix

Asset Class	Minimum Weight %	Target Weight %	Max Weight %
Cash & Equivalents	0	10	25
Equity	50	70	90
Fixed Income	0	20	0

#### EQUITIES (defined)

The equity portion of the portfolio should be maintained at a risk level roughly equivalent to that of the equity market as a whole, with the objective exceeding its results as represented by the S&P 500 over a five year moving time period net of fees and commissions. Equity holdings may be selected from the New York, American or NASDAQ markets. Convertible securities may be purchased as equity surrogates. These holdings must represent companies meeting a minimum capitalization requirement and with high market liquidity.

Florida Section, AWRA is prohibited from investing in:

1. Private placement
2. Letter stock
3. Individual option contracts. However, to the extent that mutual funds are used by Florida Section, AWRA, the mutual funds may buy or sell option contracts for the purposes of managing portfolio risk.
4. Securities whose issuers have filed a petition for bankruptcy.

Florida Section, AWRA is prohibited in engaging in:

1. Short sales
2. Margin transactions
3. Any speculative investment activities.

The above guidelines gives the BOD's designee (**Investment Banker/Broker - TBD**) full responsibility for security selection and diversification, subject to a maximum 5% commitment at cost or 10% commitment of the account's market value for an individual security and 25% for a particular industry. These constraints apply to individual securities within a mutual fund rather than to the fund itself.

## MATURITY

The maturities on investments for the Sanford N. Young Scholarship Fund shall be set by the BOD in consultation with the scholarship committee.

## DIVERSIFICATION

No more than 10% at cost of the Sanford N. Young Scholarship Fund may be in the securities of any one issuer with the exception of obligations of the US Government, its agencies and instrumentalities, repurchase agreements collateralized by obligations of the US Government, its agencies and instrumentalities and federally insured certificates of deposit.

## PROCEDURES

1. The BOD's designee (**Investment Banker/Broker - TBD**) working in conjunction with the Sanford N. Young Scholarship Committee will establish criteria to be used for determining when sufficient monies are available from the Sanford N. Young Scholarship Fund for investment.
2. The the BOD's designee (**Investment Banker/Broker - TBD**) working in conjunction with the Sanford N. Young Scholarship Committee will select an appropriate investment vehicle (maturity periods, interest rates, etc.) given current market and Florida Section, AWRA financial conditions and the anticipated needs of the Florida Section, AWRA.
3. The BOD's designee (**Investment Banker/Broker - TBD**) will arrange for the investment to be made within seven days of the investment decision.

## REPORTING

The Treasurer shall prepare the following reports for presentation at the regularly scheduled board meetings:

1. Schedule of investments held by fund type.
2. Interest income year to date.
3. Current yield of the different portfolios.
4. Number and amount of each scholarship awarded.

## PERFORMANCE

The Sanford N. Young Scholarship Fund will be evaluated quarterly on a total return basis, based on evaluation criteria to be established by the Sanford N. Young Scholarship Committee and the BOD.