

Imperial Valley College Foundation Investment Policy

Preamble

The Invested Funds of the Imperial Valley College Foundation, hereinafter referred to as the "Fund", is an investment portfolio of monies contributed by supporters of the Imperial Valley College. The objective of the Fund shall be to preserve capital and produce current income to fund scholarships and the operation of the foundation. If the income is not sufficient to fund these needs then the remaining balance is taken from the principal of the Fund. Since the Fund's objective is to preserve capital and produce realized investment income, it is the understanding of the Board of the IVC Foundation that the long-term total return may be lower than that from a portfolio that includes a greater allocation to equity securities.

It is further understood that the Fund shall not contain any assets which may be restricted as regards to their investment, appreciation, or disposition; that the Board is responsible for the implementation of and adherence to the policies and objectives of the Fund as set forth in this investment policy; and that the Board may retain professional investment management to manage the investments of the Fund and to provide advice and counsel in such matters. The investments of the Fund will be limited to those which meet the standards of a prudent investor.

Delegation

It is the responsibility of the Board of the IVC Foundation to determine, upon recommendation by the Finance Committee, the Foundations investment objectives and policies, to establish the spending policy, and to select the investment managers. The Finance committee is responsible for implementation of Board decisions and investment policies, for setting guidelines, if considered necessary, within which the investment managers operated, and to monitor their performance and adherence to those guidelines. The Finance committee is responsible for regular reporting on investments to the Board, in carrying out its responsibilities, the Finance Committee will act in accordance with these Investment Policies and all applicable laws and regulations. The Board reserves to itself the exclusive right to revise, or grant exceptions to the Investment Policy.

Investment Objectives

The investment portfolio of the Foundation is to be invested to meet both current income needs and to preserve principal. A certain portion of the portfolio shall be invested to maximize long term total return.

- A. Rate of Return Objectives: The overall rate of return will be compared with a weighted average of the returns of broad market indices representing the asset classes in the target asset allocation established by the Board. The broad market indices for comparison are the Lehman 1-3 year Government index, Lehman Aggregate Bond Index, Standard and Poor's 500 index, EAFE Foreign Stock Index, and a cash reserve index. The total rate of return is defined as all interest and all realized and unrealized gains and losses net of all investment related expenses including the investment manager fees.
- B. Measured Period: For purposes of measuring a rate of return over a market cycle, measured period shall be no less than three or more than five calendar years.
- C. Fiduciary Standards: The assets of the Fund are to be invested and managed in accordance with generally accepted standards of fiduciary responsibility. The safeguards which would guide a prudent investment manager are to be strictly observed. All transactions utilizing assets of the Fund are to be undertaken for the sole benefit of the Fund and the

Foundation.

Investment Guidelines

To accomplish the investment objectives of the IVC Foundation, the investment managers are authorized to utilize portfolios of equity securities, fixed income securities and short term and cash investments. The actual asset allocation shall be set by the Finance committee in conjunction with the investment manager and will be within the ranges provided below. These ranges can only be modified by the finance committee with approval by the Board.

	<u>Minimum</u>	<u>Maximum</u>
Domestic Stocks	20	45
International Stocks	0	5
Fixed Income	50	80
Cash	5	20

A. Permissible Investments:

1. Cash Equivalents: Treasury Bills, Money Market Funds, Certificates of deposits
2. Fixed Income Securities: US Government and agency securities, corporate notes and bonds, mortgage backed bonds, collateralized mortgage obligations
3. Common Stock: individual equities, mutual funds, money managers
4. International Stock: individual international equities, mutual funds, money markets
5. Fixed Income portfolio Characteristics: the assets of the Fund invested in fixed income securities shall, as a group:
6. Have a weighted average maturity as measured by their value of between 2 and 10 years
7. Have a maximum maturity of any individual issue of not more than 20 years
8. Have an average portfolio quality as measured by market value of "A" or better as rated by Standard and Poor's
9. Have no fixed income security rated at less than "B" grade by Standard and Poor's
10. Maintain adequate diversification by issuer and sector except that this requirement shall not apply to instruments of the United States Government or a agency thereof which may be held in any amounts within this component of the Fund

C. Equity Portfolio Characteristics: the assets of the Fund invested in equities shall as a group:

1. The Fund may be invested in any unrestricted, publicly traded common stock that is listed on a major exchange or a national, over the counter market and that is appropriate for the portfolio objectives, asset class, and or investment style of the fund that is to hold such shares
2. The investment manager will maintain reasonable diversification at all times and may not make investments in the equity securities of any one company that exceed 5 percent of the portfolio (at the time of purchase) nor allow the total securities position (debt and equity) in any one company to exceed 10 percent of the portfolio. The investment manager shall also maintain reasonable sector allocations and diversification.

D. Investments and transactions which are not permitted:

1. Bonds issued by any tax-exempt authority
2. Instruments or other indebtedness which are privately placed and for which there is no public market
3. Corporate instruments rated at below "B" grade by Standard and Poor's or an equivalent recognized bond rating agency
4. Direct placement of mortgages on real property
5. Letters of credit guaranteed by the fund
6. Options or futures contracts of any kind
7. Margin transactions, short selling or commodity transactions

Investment Management

The Board at its discretion shall retain the services of one or more professional, licensed investment managers to implement the policies set forth in this document. The managers will be furnished with, and expected to manage the Fund portfolio in accordance with this policy. The Board will inform the manager of any amendment to the policy. The management fees shall be set forth in a letter of agreement between the Board of the IVC foundation and the investment manager(s).

Reporting Requirements

1. Monthly - The investment manager will provide the Finance Committee with a monthly statement containing all pertinent transaction details for each account for the preceding month
2. Periodically- The investment manager shall meet with the Finance committee quarterly to provide detailed information about asset allocation, investment performance, future investment strategies, and any other matters of interest to the Finance Committee. The investment manager will promptly advise the committee of any significant changes in its ownership, financial, condition, or investment personnel.
3. Annually - The investment manager will provide an annual summary of all transactions in each fiscal year together with a report of investment performance for the year by portfolio.