El Camino College Foundation

INVESTMENT POLICY STATEMENT

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I) BACKGROUND

The El Camino College Foundation ("Foundation") is a nonprofit 501(c)(3) auxiliary corporation of the El Camino Community College District. The primary purpose of the Foundation is to assist in the achievement and maintenance of a superior program of public education and community participation within the El Camino Community College District by receiving contributions from the public, raising funds, and making contributions to the educational, arts, cultural, athletic, and other community programs of the El Camino Community College District.

II) PURPOSE

The purpose of this Investment Policy Statement ("Policy" or "IPS") is to provide a clear statement of the Foundation's investment objectives, to define the responsibilities of the Board of Directors ("Board") and any other parties involved in managing the Foundation's investments, and to identify or provide guidelines for asset allocation, permissible investments and diversification requirements.

III) GENERAL PROVISIONS

1. All transactions shall be for the sole benefit of the Foundation.
2. The Board will endeavor to operate the Foundation's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investments, and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting in like capacity and familiar with such matters would use.
3. Investments shall be diversified with a view to minimizing the risk of large losses.
4. Pursuant to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Foundation will consider the following factors, if relevant, in managing and investing each donor fund, except as otherwise provided by a donor agreement:
    a. The purposes of the Foundation;
    b. The purposes of the donor fund;
    c. General economic conditions;
    d. The possible effect(s) of inflation or deflation;
    e. The expected tax consequences, if any, of investment decisions or strategies;
    f. The role that each investment plays within the overall investment portfolio;
    g. The expected total return;
    h. Other resources of the Foundation;
    i. The needs of the Foundation and the donor fund to make distributions and to preserve capital; and
    j. An asset's special relationship or value, if any, to the purposes of the Foundation or donor fund.

IV) DELEGATION OF AUTHORITY

1. The Board has ultimate responsibility for the investment and management of the Foundation's investment assets.
2. The Board may delegate authority over the Foundation's investments to a properly formed and constituted finance committee ("Finance Committee"), being a Board committee comprised only of Directors.
3. The Board may hire outside experts as investment consultants ("Investment Consultants") or investment managers ("Investment Managers").
4. The Board may also establish an advisory committee ("Advisory Committee") (which may include non-directors) to provide investment advice to the Board or to the Finance Committee. An Advisory Committee has no authority to act for the Board, but may monitor compliance with the investment policy, recommend changes, and assist the Board or Finance Committee in selecting and retaining Investment Managers to execute this Policy.

V) DUTIES AND RESPONSIBILITIES

Board of Directors, or if Authority is Delegated, The Finance Committee

The Board, or if authority is delegated, the Finance Committee, is charged with the responsibility of managing the investment assets of the Foundation. The specific responsibilities of the Board or the Finance Committee, as applicable, include:

1. Determining the Foundation's risk tolerance and investment horizon, and communicating these to the appropriate parties.
2. Establishing reasonable and consistent investment objectives, policy guidelines, and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis, and updated as needed.
3. Prudently and diligently selecting one or more qualified investment professionals, including, but not limited to, Investment Managers(s), Investment Consultant(s), and Custodian(s).
4. Communicating the Foundation's financial needs to the Investment Consultant(s) on a timely basis.
5. Regularly evaluating the performance of the Investment Consultant(s) and Investment Manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
6. Developing and enacting proper control procedures; for example, replacing Investment Manager(s) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.
7. Conducting an annual review of the Foundation's investment assets to verify the existence and marketability of the underlying assets or verify that such a review has been conducted in connection with an independent audit of the Foundation's financial statements.

Investment Consultant

The Investment Consultant will be a discretionary advisor to the Board and Finance Committee, as applicable. Any Investment Consultant retained by the Foundation must be registered as an investment advisor under the Federal Investment Advisers Act of 1940 ("the Advisers Act") and agree in writing to perform its duties as a "fiduciary", consistent with the fiduciary obligations imposed under the Advisers Act, and regulations promulgated thereunder and any interpretations thereof by the U.S. Securities and Exchange Commission.

Specific responsibilities of the Consultant include:

1. Assisting in the development and periodic review of the Foundation's investment policy statement.
2. Executing investment portfolio management, asset allocation, rebalancing, and other day-to-day responsibilities on a discretionary basis consistent with the investment objectives, time horizon, risk profile, guidelines, and constraints outlined in this Policy .
3. Identifying specific assets and/or Investment Manager(s) within each asset class.
4. Maintaining responsibility for the ongoing due diligence required to monitor the individual Investment Managers and to provide a periodic review of Investment Managers' performance considering among other factors, historical composite investment performance, investment risk, investment process, and investment personnel.
5. Meeting with the Finance Committee at least twice each year, and being available at such other times within reason at the Foundation's request.
6. At the Foundation's request, being available to meet with the Board at least once each year.
7. Informing the Foundation regarding any qualitative change to the organization. Examples include changes in consulting team personnel, ownership structure, investment strategy, etc.

The execution of these decisions must be consistent with the investment objectives, policies, guidelines and constraints as established in this investment policy statement. The Investment Consultant may not amend the Foundation's investment policies, including minimum or maximum asset allocation guidelines, without prior approval by the Board or Finance Committee, as applicable.

The Investment Consultant shall have no authority to withdraw funds from the Foundation's accounts, except at the Foundation's specific direction, or to cover payment of previously agreed-to fees.

Investment Managers

The Investment Managers have discretion to make all investment decisions for the assets placed under their jurisdiction by the Investment Consultant. The Finance Committee and the Investment Consultant desire to permit the Investment Managers flexibility to maximize investment opportunities and practice prudent management in order to conserve and protect the assets and to prevent exposure to undue risk. The Finance Committee and Investment Consultant may use mutual funds, exchange traded funds, and/or other commingled vehicles to gain exposure to certain asset classes or Investment Managers; and as such the Finance Committee and Investment Consultant understand that the guidelines outlined in this investment policy statement will not be directly applied to the management of such commingled vehicles. However, the Investment Consultant will utilize mutual funds, exchange traded funds, and/or other commingled vehicles that generally comply with the investment guidelines stated in this Investment Policy Statement.

Specific responsibilities of the Investment Managers include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the confines of their stated investment mandate.
2. Informing the Consultant regarding any qualitative change to investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment policy, etc.
3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.
4. Voting proxies on behalf of the Foundation if requested and authorized by the Board.

VI) INVESTMENT OBJECTIVES & ASSET ALLOCATION GUIDELINES

The overall investment objective of the Foundation is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

Multiple Pools

Given the diverse objectives of the individual donor funds which, in aggregate, comprise the Foundation's investment portfolio, the Board has established several pools with unique risk/reward objectives, time horizons, and restrictions, and, consequently, unique asset allocation guidelines. The asset allocation guidelines for each pool are detailed in the attached Appendices. While the Board has set minimum and maximum asset class allocations for each pool, the establishment of target asset allocations is the responsibility of the Investment Consultant, subject to oversight by the Finance Committee.

Prohibited Transactions and Holdings

Unless otherwise permitted or required by a donor agreement, the following security types or transactions will be prohibited:

- Direct short sales of individual securities (the Investment Consultant may invest in professionally managed funds or strategies that employ short sale techniques)
- Direct margin purchases
- Direct investments in commodities futures contracts (the Investment Consultant may invest in professionally managed funds or strategies that use futures contracts)
- Direct investments in real estate or direct real estate lending (the Investment Consultant may invest in professionally managed funds or strategies that invest in real estate and/or related holdings)
- Direct purchases or sales of uncovered options that may cause the Foundation to lose more than its initial investment(s)
- Direct investments in swap or forward contracts (the Investment Consultant may invest in professionally managed funds or strategies that use swap or forward contracts)

Changes to these conditions must be approved by the Finance Committee.

Alternative Investments

Alternative Investments are a broadly defined asset category with the objective of augmenting the overall risk/return characteristics of the portfolio through further diversification. Alternative Investments may include, but are not limited to Real Assets (Real Estate, Infrastructure, Commodities, etc.), Private Investments (Private Equity, Venture Capital, Private Credit, etc.), Structured Products or Notes, and/or Hedge Funds (long/short equity, equity market neutral, merger arbitrage, convertible arbitrage, credit opportunities, commodities, currencies, volatility, absolute return oriented, tactical asset allocation, alternative beta, and managed futures).

Investments in alternatives may be considered by the Foundation within the context of the overall investment objectives. The objective of such investments will be to seek to diversify the Portfolio, complementing traditional equity and fixed income investments and improving the overall performance consistency of the portfolio. It is acknowledged that there is no guarantee that this objective will be realized.

Consideration shall be given to the liquidity risk of Alternative Investment strategies. Finance Committee approval is required prior to investment in any strategy that is not expected to offer or provide liquidity at least monthly.

APPENDIX A – ENDOWMENT SPENDING POLICY

Overview

The Endowment Spending Policy establishes the annual payout of investment earnings for expenditure in support of the donor's intended purpose. The spending policy seeks to establish equilibrium between the need for current earnings for expenditure and the need to grow earnings over time to offset the effects of inflation.

Endowment Spending Policy

The Endowment Spending Policy is determined in unison with asset allocation guidelines in order to balance expected real (inflation-adjusted) return on investments with annual distributions of investment earnings.

- The Foundation has established an annual spending rate of 5.5% of the most recent 36-month average market value of the endowment, comprised of 3.5% in annual distributions for charitable purposes, and 2.0% to be used for the management and administration of the funds, including annual charges for fundraising.
- Over time, distributions from Endowments are expected to be equal to or less than actual returns, thereby achieving the financial objective of preserving the real value of the Endowment's assets and distributions. It is recognized that this objective may not be achievable in every time period.
- Distributions will be made from the portfolio at the discretion of the Board and may be taken from realized gains, or from the corpus, as permitted by the donor where present, so there is no requirement to generate a particular level of dividends or interest.
- The Foundation can spend the amount deemed prudent after considering:
    - The donor's intent that the endowment fund continue permanently
    - The purposes of the fund
    - Relevant economic factors
- The Endowment Spending Policy does not require that the historic dollar value (HDV) be set aside as principal, but does assume that the Foundation will preserve "principal" by maintaining the purchasing power of amounts contributed and will make distributions each year using a reasonable spending rate.

Gradual Reduction of Annual Spending Rate

Over a period of five to seven years, the annual spending rate will be gradually be reduced from 5.5% to 5.0%, comprised of 3.25% in annual distributions for charitable purposes, and 1.75% to be used for the management and administration of the funds.

APPENDIX B – SHORT-TERM PORTFOLIO

INVESTMENT OBJECTIVES AND ALLOCATION GUIDELINES

Time Horizon

The short-term portfolio ("Short-Term Portfolio") is intended for non-endowed donor funds with short-term (0-1 year) spending plans.

Investment Objective

The primary investment objective for the Short-Term Portfolio is to maintain adequate liquidity with minimal principal risk.

Asset Allocation Guidelines

Asset Class	Minimum %	Maximum %
Short-Term Fixed Income	0	100
Cash & Cash Equivalents	0	100

APPENDIX C – MID-TERM PORTFOLIO

INVESTMENT OBJECTIVES AND ALLOCATION GUIDELINES

Time Horizon

The mid-term portfolio ("Mid-Term Portfolio") is intended for non-endowed donor funds with intermediate-term (1-5 years) spending plans.

Investment Objective

The objective of this portfolio shall be to generate income consistent with preservation of capital. Fixed Income instruments shall be limited to investment grade corporate and/or government bonds with a maximum average duration of no more than five years.

Asset Allocation Guidelines

Asset Class	Minimum %	Maximum %
U.S. Equity	0	15
International Equity	0	15
Fixed Income	50	100
Cash & Cash Equivalents	0	50

APPENDIX D – LONG-TERM PORTFOLIO

INVESTMENT OBJECTIVES AND ALLOCATION GUIDELINES

Time Horizon

The long-term portfolio ("Long-Term Portfolio") is intended for endowed funds and donor funds with long-term (5+ years) spending plans.

Investment Objective

The primary objective of the Long-Term Portfolio is to seek a total return adequate to support the Endowment Spending Policy set by the Board (Appendix A) and to maintain the purchasing power of endowed funds, net after inflation.

The time horizon is perpetual and the Board is not concerned with intermediate volatility.

Asset Allocation Guidelines

Asset Class	Minimum %	Maximum %
U.S. Equities	20	50
International Equities	10	40
Fixed Income	25	60
Alternatives	0	30
Cash & Cash Equivalents	0	10

APPENDIX E – ENVIRONMENTAL, SOCIAL & GOVERNANCE ("ESG") LONG-TERM PORTFOLIO

INVESTMENT OBJECTIVES AND ALLOCATION GUIDELINES

Time Horizon

The ESG Long-Term Portfolio is intended for endowed funds and donor funds with long-term (5+ years) spending plans.

Investment Objective

The primary objective of the ESG Long-Term Portfolio is to seek a total return adequate to support the Endowment Spending Policy set by the Board (Appendix A) and to maintain the purchasing power of endowed funds, net after inflation. Additionally, the Foundation is sensitive to providing an opportunity to donors wishing to take into consideration Environmental, Social, and Corporate Governance (ESG) issues when making investment decisions. The ESG Long-Term Portfolio will adopt a "best-in-class" approach that seeks to include/overweight those companies that promote environmental, social, and corporate governance concerns, and avoid/underweight companies that neglect to prioritize these efforts, while "screening" to exclude companies that derive revenue from certain controversial activities or products.

The time horizon is perpetual and the Board is not concerned with intermediate volatility.

Asset Allocation Guidelines

Asset Class	Minimum %	Maximum %
U. S. Equities	20	50
International Equities	10	40
Fixed Income	25	60
Alternatives	0	30
Cash & Cash Equivalents	0	10

APPENDIX F – HAAG CRUT

Background

The Charles and Mary Haag Charitable Remainder Unitrust ("trust" or "the Haag CRUT") is an irrevocable split-interest trust, established by Charles and Mary Haag ("the donors") in 2001 to benefit the donors and their charitable interests. Described more fully in the trust documents, the Haag CRUT is structured to provide income to the donors during their lifetimes, with the Foundation receiving 50% of the remaining trust assets upon the death of both donors.

Unitrust Payments

During the joint lifetimes of the donors, the unitrust payments to the donors are equal to the lesser of the trust income for that taxable year, or five percent (5%) of fair market value of the trust assets.

If trust income in any taxable year exceeds these amounts, excess income shall be paid to the donors, to the extent that the aggregate amounts paid in prior years has been less than seven percent (7%) of fair market value for those years.

After the death of the first to die, the payments to the remaining donor shall be the lesser of five percent (5%) of fair market value, or the trust's actual net income.

Time Horizon

The Haag CRUT has a relatively long, but ultimately undefined time horizon, as it is dependent upon the lifetimes of the donors. However, in practice the donor has chosen to redirect income distributions from the trust as charitable contributions to the Foundation, and the charitable remainder amount will be used to create a permanent endowment fund at the Foundation.

Investment Objective

The primary objective of the Haag CRUT is to maximize both the income distributions available to the donors during their lifetimes and the terminal market value of the trust assets for the charitable remainder beneficiaries, consistent with prudent investment principles.

Asset Allocation Guidelines

Asset Class	Minimum %	Maximum %
U. S. Equities	20	50
International Equities	10	40
Fixed Income	25	60
Alternatives	0	30
Cash & Cash Equivalents	0	10